

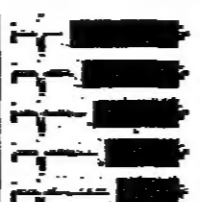
FINANCIAL TIMES

World Business Newspaper <http://www.FT.com>

FRIDAY MAY 1 1998



FT Weekend tomorrow
The Emperor, the Queen,
and the need to modernise
an imperial family



Eastern Europe
EU anxious over
increasing drug use
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Italy
Judicial reform deadlock
worries euro partners
Page 2

Capital Markets
Asian turmoil fails to
dent global buoyancy
Survey

WORLD NEWS

Employers and unions set deadline to end Denmark's national strike

Attempts to break the deadlock in Denmark's national strike gathered pace after union leaders and employers set an informal deadline for trying to resolve the five-day-old dispute. Page 2

Kiriyenko appoints technocrats
Sergei Kiriyenko, Russia's prime minister, appointed another 11 ministers to his slimmed-down government, giving it a more youthful and technocratic look. Page 2

US anti-gun group targets S&W
Silent March, the US anti-gun organisation, will today lay 3,265 pairs of children's shoes outside the headquarters of Smith & Wesson, the gun manufacturer, to represent the number of children killed in shootings in the US between 1988 and 1995. Page 14

UK government warns Sinn Féin
The UK government warned that Sinn Féin could not "pick and choose" from the Northern Ireland peace accord, after the IRA, its military wing, announced it would not decommission its arms. Page 8

German far-right set to march
The far-right German NPD party was granted permission to hold a rally in Leipzig after city leaders tried to ban the march because they feared clashes with anti-Nazi protesters. Page 15

Japanese must lose holiday choice
Japanese workers must take holidays when it suits their employers, a Tokyo court has ruled. The court backed an employer who fired a member of staff for taking a month-long holiday. Page 5

US pursues China over 'rule of law'
Madeleine Albright, US secretary of state, indicated that China's pursuit of the 'rule of law' is to become a key issue in its bilateral relations with the US and at a presidential summit in June. Page 5; Editorial Comment, Page 13

Turkey attacks Kurdish separatists
Turkish military officials said thousands of troops were engaged in one of the country's biggest offensives against Kurdish separatists in the mountains of the south-east. Page 13

UK in child labour initiative
British businesses are being encouraged to end child labour - through a joint initiative involving Unilever, the United Nations Children's Fund, the UK government and the Confederation of British Industry. Page 4

US suit filed over sanctions
A US industry group filed a suit challenging the right of states and localities to impose economic sanctions for foreign policy purposes. Page 4

Fears dismissed on tobacco deal
Proposed restrictions on the tobacco market being considered by the Senate would not lead to a substantial black market in cigarettes provided a suitable regulatory system was put in place, said Lawrence Summers, deputy US Treasury secretary. Page 6

HOW TO SPEND IT
COLOUR MAGAZINE
The rebirth of the Chinese courtyard. Around the world for £40 a day. with tomorrow's Weekend FT

BUSINESS NEWS

Mobile telephone groups agree to develop systems to a shared standard

European and Japanese mobile phone groups have struck a deal that will hasten the day when subscribers can use their handsets anywhere in the world. They are to co-operate on developing mobile systems based on a common standard. Page 14

Analyst Clubais, Russia's former
first deputy premier, is to head huge electricity generator United Energy Systems. Page 2

McDonald's chief executive
Michael Quilman is to head leadership of the world's biggest fast-food chain to Jack Greenberg, head of the company's US operations. Page 15

EMI shares leapt 99% to 607½p
after the big UK music group confirmed an approach from a prospective bidder, believed to be Canada's Seagram. Page 15

PacificCorp quit the takeover battle
for UK energy supplier Energy Group, leaving the field to Texas Utilities, its US rival. Page 15; Comment, Page 20

United Airlines and Delta Air Lines
are to form an alliance if their pilots' unions approve. Page 15; Background, Page 18

British Petroleum is set to enter
Venezuela's vehicle fuel market after receiving government permission this week. Page 18

MCI Communications of the US
said demand for data and internet services generated half its first-quarter sales growth. Page 18

Hagag-Lloyd, German shipping and
tourism group, aims to boost container business volumes by 27 per cent this year. Page 19

Japanese corporate yen bond
issues reached a record ¥8,800bn worth (\$67bn) in the 1997 tax year, a 58 per cent increase on 1996. Page 15

Investec, South African financial
services group, launched a £428m (\$715m) agreed bid for Hambros, the once illustrious UK bank. Page 20; Observer, Page 13

KDD, Japan's biggest international
telecoms operator, is postponing its planned merger with domestic long-distance operator Teletway to iron out differences. Page 16

South Korea's restructuring will
continue although the financial situation has improved. The won has strengthened and this week reserves topped \$30bn. Page 5

ARS-CBM, the Philippines' biggest
media group, lifted first-quarter profits by 25 per cent year-on-year to 308.5m pesos (\$7.7m) on 38 per cent stronger revenues. Page 16

Japanese companies' losses on
securities are set to hit a five-year high in the coming results season. Page 16

World Equity Markets
The latest trends and data from more than 50 national markets at a glance. Page 33

Blair to mediate in ECB dispute

UK PM seeks to break deadlock between France and other EU countries over bank's presidency

By our international and political staff

Tony Blair, the UK prime minister, will arrive in The Netherlands today and make a final attempt to resolve a dispute over the presidency of the future European Central Bank before a special summit of the European Union this weekend.

The EU summit to choose the members of the single currency and appoint the president of the bank begins in Brussels later today. Mr Blair, who holds the rotating presidency of the EU, will try to arrange a deal with Wim Kok, the Dutch prime minister.

One compromise being dis-

cussed is a gentleman's agreement under which Mr Wim Duisenberg, the Dutch candidate, might agree to step down after serving part of the full eight-year term, enabling Jean Claude Trichet, the governor of the Bank of France, to succeed him.

A second option understood to include provisions for an age limit for ECB executives that would in effect reduce the term of the 63-year-old Mr Duisenberg.

According to a UK government member, the main opposition to these compromises is coming from the French president, Jacques Chirac, who wants Mr Trichet's succession to be made more explicit.

"[Lionel] Jospin [the French

premier] and the rest of the government are on board," he said.

In Paris yesterday, French officials insisted the problems were soluble and that the real obstacle was not the deal itself but the fact that the Dutch did not want a compromise to be so clearly visible in the final days before a general election on May 6.

"There is no reason why an intelligent agreement cannot be reached in Brussels at the EU summit this weekend," an official familiar with the negotiations said.

French officials said it would not be too dramatic if they failed to reach an agreement on the ECB presidency at the weekend summit launching the euro. But

they said France would do everything to ensure a satisfactory deal was achieved.

The compromise formulas are bound to dismay central bankers and cause concern in financial markets over the credibility and independence of the ECB.

The Bundesbank yesterday warned EU leaders against a decision which would breach the Maastricht Treaty and damage the credibility of the euro.

According to the treaty, the ECB president must serve a full non-renewable term.

Hans Tietmeyer, president of the Bundesbank, said: "The Bundesbank expects that decisions will be reached which are in line with the treaty and

strengthen confidence in the stability policy of the European Central Bank."

Meanwhile, Helmut Kohl, the German chancellor, is understood to have spoken to Mr Chirac on the issue.

Additional obstacles to a deal emerged yesterday. The European Commission has concluded that members of the ECB's board cannot be promoted to the ECB's presidency.

It would therefore be impossible for Mr Trichet to succeed to the presidency of the ECB after first serving on the board, an outline compromise which has been mooted in recent days.

Editorial comment, Page 13

US markets surge as GDP rises and inflation stays low

By Gerard Baker in Washington

US economic growth accelerated in the first three months of the year while inflation all but disappeared, dispelling fears that the Federal Reserve might raise interest rates soon.

In the strongest evidence yet that the US economy is enjoying an extended period of inflation-free growth, the Commerce Department said gross domestic product surged at a seasonally adjusted annual rate of 4.2 per cent in the first quarter - the sixth straight quarterly increase of more than 3 per cent.

But prices rose at an annual rate of just 0.6 per cent, the lowest increase in 34 years. Domestic prices were unchanged - the first time inflation has been absent

from the figures since 1954.

Financial markets kept following the news. At 1pm the Dow Jones Industrial Average was up 155 points at 5,115, reversing Monday's big loss, which followed reports that the Fed might be about to raise interest rates.

The benchmark 30-year Treasury bond rose by 1½, pushing the yield down to 5.96 per cent from Wednesday's 6.07 per cent.

Investors were also encouraged by another closely watched economic report suggesting that labour costs, a good indicator of future price increases, decelerated in the first quarter. The Employment Cost Index, which measures the movement of salaries and employee benefits, rose by 0.7 per cent in the three months to March, down from 1

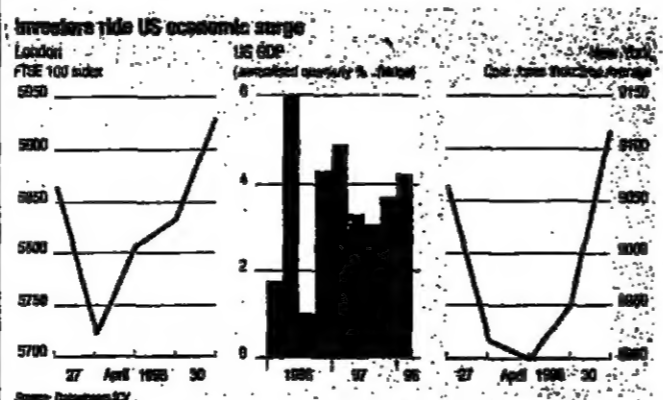
per cent in the last reported quarter, the Labour Department said.

"There is no clearer call in these data for the Fed to tighten monetary policy. Current inflation, and advance indicators of inflation and labour costs, are not at a level where immediate Fed action is likely," said Richard Berner, chief economist at Mellon Bank in Pittsburgh.

US newspapers reported this week that the Fed had shifted towards a policy bias in favour of raising rates, as economic growth continued unabated in spite of the expected dampening effects of the Asian financial crisis.

But yesterday's figures demonstrated that behind the growth in GDP there was a divergence between domestic and external demand. Consumer spending surged at an annual rate of 5.7 per cent and residential construction jumped by 17.6 per cent. Investment in capital equipment rose 29 per cent, as companies poured money into information technology related equipment.

But exporters and companies facing competition from imports suffered as the Asian crisis and the strong dollar hit domestic output. Exports fell by an estimated 3.4 per cent, the biggest drop for nearly five years, while imports rose by 11.6 per cent.



BAe agrees £269m for stake in Saab

By Alexander Nicoll in London and Tim Bart in Stockholm

The consolidation of Europe's defence manufacturers gathered pace yesterday as British Aerospace agreed to pay £269m (\$449m) for a 35 per cent stake in Saab, the Swedish military aircraft maker.

The investment is the latest in a flurry of deals in which British defence companies have extended links with partners in Europe. It follows separate plans by GKN and General Electric Company to ally with divisions of Finmeccanica of Italy.

The transaction is likely to increase pressure on Aerospatiale of France and Daimler-Benz Aerospace of Germany. They are locked in negotiations with BAE and with governments on how to form a single European aircraft manufacturer that can compete with large US rivals.

BAe is also in discussions on forming alliances with Alenia, part of Finmeccanica, and with Casa of Spain, although no agreements are thought to be imminent. It is stepping up links with Dassault of France on research into technology for the next generation of combat aircraft.

Its agreement with Saab increases the importance of the Gripen, a fighter made by Saab, as part of a developing family of European combat aircraft. It is larger than BAe's Hawk but smaller than the Eurofighter, in

which BAe is a partner. BAe and Saab have a joint venture to market the Gripen outside Sweden, but it has so far made no sales. City analysts said the companies will hope to apply BAe's lean manufacturing and purchasing techniques to make the Gripen cheaper and more marketable.

Saab had an order book of SKr27bn (\$3.5bn) at the end of 1997. It made 1997 profits of SKr570m, excluding a SKr540m provision for regional aircraft activities, on sales of SKr6.07bn.

It has been through an extensive restructuring including the separation of automobiles from aerospace interests and a decision last year to cease making regional aircraft.

BAe's investment is part of a broader reorganisation of Saab's shareholding structure which will see a rights issue to shareholders in its owner, investor, the main investment vehicle of Sweden's Wallenberg business empire.

The Swedish owner said BAe's stake would underpin a SKr10bn valuation for Saab when it is floated on the stock market later this year.

Claes Dahlbäck, Investor's chief executive, said the group would remain the "leading owner" by retaining 36 per cent of the voting rights and 30 per cent of the equity. BAe will have 35 per cent of the voting rights.

Europe 'must not let US', Page 8

STOCK MARKET INDICES			
New York	5,115.00	↑ 155.00	(091.5)
Dow Jones Ind. Av.	5,115.00	↑ 155.00	(091.5)
NASDAQ Composite	1,871.68	↑ 20.00	(082.7)
Europe and Far East			
FTSE 100	2,890.32	↑ 140.50	(082.7)
DAX	2,107.44	↑ 1.00	(082.7)
Nikkei	15,647.28	↑ 107.21	(082.7)
US LIGHTHOUSE RATES			
3-month Treasury bill	5.00%		
Long bond	5.00%		
Yield	5.97%		
OTHER RATES			
UK 3-month Treasury	5.75%		
UK 10-year Gilt	5.75%		
France 10-year Gilt	5.75%		
Germany 10-year Bund	5.75%		
Japan 10-year JGB	5.75%		
NORTH SEA OIL (Brent)	5.75%		
Best Date	5.75%		

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Sanctions fail to impress Serbs or Albanians

By Guy Dinmore in Pristina and John Thornhill in Moscow

Serbia yesterday condemned the tightening of economic sanctions on Belgrade by the US and its European allies, while the conflict in the southern province of Kosovo between security forces and ethnic Albanian rebels claimed three more victims.

Diplomats said the low-level war in the mainly Albanian populated province was spinning out of control. Western hopes of containing

the conflict rest on attempts to bring Slobodan Milosevic, the federal Yugoslav president, to the negotiating table by threatening to block new foreign investments after a May 9 deadline.

Serbian officials said one policeman was killed by an anti-tank rocket fired by separatist rebels of the Kosovo Liberation Army (KLA) that hit a police station in south-west Kosovo near the border with Albania.

Police also said the bodies of two Serb civilians

abducted by ethnic Albanian gunmen last week had been found by a road but the area was too dangerous to retrieve them.

More than 120 people, mostly ethnic Albanians, have been killed in the past two months.

The Serbian Socialist party newspaper Politika denounced western governments as arrogant and perfidious and said the new sanctions would only encourage Albanian extremists fighting for secession.

Nationalist political leaders of the ethnic Albanian majority said the new sanctions agreed on Wednesday night at a meeting of the six-nation Contact Group lacked teeth and that the international community had to act with greater force.

Serbian officials, speaking privately, said the government was relieved at the balanced tone of the Contact Group statement, which also condemned "terrorism", and on the limited impact of the decision by the western

states - the US, Britain, France, Germany and Italy - to freeze Yugoslav and Serbian government funds held abroad.

Russia, which is believed to be owed over \$200m by Serbia for vital supplies of gas, refused to go along with the new measure.

Contact Group diplomats said Russia was still part of the political process. They admitted that the sanctions agreed by the other five Contact Group members so far would have only a limited

impact with or without Russia's backing.

President Boris Yeltsin yesterday repeated Russia's objections to the imposition of sanctions against Yugoslavia in a telephone conversation with Romano Prodi, the Italian prime minister.

Mr Yeltsin said that continued dialogue between the Yugoslav government and representatives of the ethnic Albanians in the Kosovo region provided the only possible solution to the crisis.



Kosovo Serbs cheer Milosevic in Pristina yesterday

Call to close Olympic Airways

By Korin Hope in Athens

Greece's foreign minister, Theodoros Pangalos, said yesterday that the state carrier Olympic Airways should be shut down immediately as part of the Socialist government's programme of public sector reforms.

In an interview with the newspaper Eleftherotypia, Mr Pangalos claimed the airline's employees had "dealt a fatal blow" to its chances of recovery by opposing a restructuring plan. "The government holds the main responsibility for what's happening. But the workers are also guilty," he said.

"The planes are empty, and every day that passes adds new debt because no reasonable person would fly with Olympic."

As transport minister in 1984, Mr Pangalos negotiated a restructuring package for the airline with the European Commission. At that time the government agreed to stop subsidising Olympic in return for the write-off of more than Dr500bn (\$1.6bn) in accumulated debt.

Zdenek Bakala, head of Patria Finance investment bank and a member of the chamber, said: "The securities commission and the stock exchange should complement each other but it will take time for an efficient working relationship to develop."

Mr Muller, a former custody manager at Commerzbank and a long time critic of the capital markets, surprised observers earlier this year by accepting the chairmanship of the commission after criticising it as underfunded and lacking sufficient independence from the finance ministry.

The biggest problem of the Bourse is low liquidity. About 95 per cent of share trades are simply registered at the government's Central Securities register, meaning that stock exchange prices often do not accurately reflect real transaction prices.

EU applicant states pressed to close the door on drugs

East Europe's drug problems have become another barrier to their acceptance by Brussels, writes Christopher Bobinski

The Polish government has good reason to curse the two gunmen who walked into a prostitution agency in Gdynia last week and shot and killed Nikodem Skotarczak, a gangster who had recently tried to take over the local drugs trade.

The repercussions were felt hours later at the College of Europe's neo-classical Naitolin campus in Warsaw, the venue for a conference on illicit drug use in the 10 eastern applicant countries to the European Union. A Polish policeman said: "This [the murder] means that crime could go up, as a more ambitious and relentless bandit has decided to take over and expand Skotarczak's operations."

His words will have played on the fears of the many EU members which think the applicant countries are not paying enough attention to organised crime.

Ann Vanhout, a representative of the European Commission, repeated a familiar mantra at the conference. She urged applicants to tighten drug legislation, build institutions capable of implementing laws, and

enhance border controls.

All the countries in the region have experienced a growth in illicit drug use in the last decade. Slovenia, which is on a fast track to join the EU, reports that "the supply of drugs is enormous and constantly increasing, with the price of heroin falling by half over the last decade."

Hungary saw an increase in drug-trafficking when the war in Yugoslavia at the beginning of the 1990s diverted the main Balkan route which brings drugs from Afghanistan into western Europe via Turkey. Turks and Albanians from Kosovo now appear to control the domestic drug trade in Hungary.

Prices of many drugs have fallen in Hungary, suggesting that the supply is growing. Between 1995 and 1997 the price of a gram of cocaine fell by a fifth and that of hashish by between a third and a half. Ecstasy is also half the price it was two years ago.

But the formerly Soviet-dominated applicants can argue that drug use began to rise only after their police



Nikodem Skotarczak: 'A more ambitious and relentless bandit decided to take over'

states were dismantled, and that drug flows across frontiers have been facilitated by the freedom to travel. The convertibility of local currencies, seen as an indication that economies are ready to compete within the EU, has turned these countries into financially liquid markets and money-laundering centres for international gangs.

For Estonia the problems were made worse, according to Tarmo Kariis, a government specialist, because the state-financed organisation for drug treatment and monitoring disappeared amid the debris of the command economy after 1990. It has yet to be rebuilt.

In addition, youth fads coming from western Europe have increased the attractiveness of drugs in the

applicant countries. The demand for synthetic recreational drugs such as ecstasy has grown, stimulated by big youth gatherings and western-style pop festivals.

Drugs are increasingly used professionally as well as socially. Students and school children facing exams and middle class executives working in tense environments use amphetamines to improve performance.

The result is that Poland has acquired a reputation for being a significant supplier of high quality amphetamines to western Europe. Yet the local demand is so great that it has led to a fall in exports, according to Wlodzimierz Ziemia, chief of intelligence at the country's Central Narcotics Bureau. "Today more and more Poles

are using it so there is very much less left for export," he says.

The EU is making many demands of the applicant nations in terms of their policy on competition and the single market, but it offers fewer solutions to the problems of drugs and organised crime.

That is partly because the EU has not yet established control over the big-time criminals who operate within its own borders. Mr Skotarczak was a case in point: he once escaped from prison in Germany by the simple expedient of changing places with his brother during a visit and walking out unchallenged. Ninety days passed before the prison authorities noticed the switch.

Stock exchange chief ousted

By Robert Anderson in Prague

The Czech Securities Commission, the new capital markets watchdog, yesterday scored its first victory by forcing out Jiri Franc, the general secretary of the troubled Prague Stock Exchange.

Earlier this week, Tomas Jezek, a member of the commission, threatened to withdraw the stock exchange's licence unless Mr Franc took responsibility for the poor performance of the bourse and resigned.

Mr Franc stepped down at a meeting of the bourse's supervisory chamber of shareholders. He became a member of the chamber.

The commission plans an aggressive campaign to restore the bourse's reputation. Since its establishment at the start of April, the commission has frozen the accounts relating to two investment funds and has put another fund into forced administration.

Both Mr Jezek and Jan Muller, the commission chairman, have battled repeatedly with Mr Franc. Mr Jezek, a former bourse chairman, had tried to remove him earlier but had been unable to persuade the rest of the chamber.

Mr Muller resigned in January as chairman of Univyk, a bourse subsidiary, after a dispute with Mr Franc over the choice of software supplier for the exchange's

planned derivatives trading system.

Mr Muller said the dispute between the securities commission and the stock exchange was a "conflict of visions and expectations" which had unfortunately been presented as a personality conflict. Mr Franc's "best was simply not good enough". His resignation meant that the commission and the stock exchange would now be able to work together better.

Zdenek Bakala, head of Patria Finance investment bank and a member of the chamber, said: "The securities commission and the stock exchange should complement each other but it will take time for an efficient working relationship to develop."

Mr Muller, a former custody manager at Commerzbank and a long time critic of the capital markets, surprised observers earlier this year by accepting the chairmanship of the commission after criticising it as underfunded and lacking sufficient independence from the finance ministry.

The biggest problem of the Bourse is low liquidity. About 95 per cent of share trades are simply registered at the government's Central Securities register, meaning that stock exchange prices often do not accurately reflect real transaction prices.

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BRITAIN

Transition to euro is moved closer

By Robert Peston,
Political Editor

A national plan for converting sterling into euros will be produced by the end of the year, Gordon Brown, chancellor of the exchequer, said in the House of Commons yesterday. His announcement was the clearest sign of the government's determination to participate in European monetary union early in the next century.

Gordon Brown's announcement, on the eve of the European summit expected to confirm the 11 initial Emu members, follows agreement on the UK's euro preparations made by ministers, officials and businessmen who sit on a special government committee.

Minutes of a recent committee meeting - whose members include Mr Brown, Eddie George, governor of the Bank of England, the UK central bank, and Sir Colin Marshall, CBI president - say that "government departments should take forward steps to help firms use the euro from 1999, including legislation and administrative changes".

Mr Brown said that from next year, all British companies would be able to use the euro for filing accounts, paying taxes and issuing shares. He added that the UK - as with other EU members - would cast its vote at this weekend's summit in favour

of 11 countries joining at the 1999 launch of Emu.

The summit will be dominated by attempts to resolve the impasse over the appointment of the founding president of the new European Central Bank, which will manage monetary policy for Emu members.

Strenuous attempts are being made by the UK, as EU president, to secure agreement on the appointment of Wim Duisenberg for a full term. There would be an informal deal that he would retire after four years to be replaced by Jean-Claude Trichet of France.

According to a senior UK official, principal opposition to this is coming from President Jacques Chirac of France. "Joséphine [the French premier] and the rest of the government are on board," the official said.

Mr Brown reaffirmed that "we are committed to the principle of joining the single European currency" and wanted to make a decision on membership "early in the next parliament".

There was no possibility, he said, of the government being blown off this course, either by pro-Europeans wishing that the UK would participate sooner or by sceptics opposed to membership. In the coming weeks, the chancellor will launch a campaign to demystify monetary union.

Editorial comment, Page 13

LABOUR GOVERNMENT'S FIRST YEAR PREMIER PLANS 'NAPOLEONIC' CHANGE TO MAKE MINISTRIES WORK IN HARMONY

Dominant leader grows into his presidential image



Flashback: a year ago from tomorrow, Tony Blair made a triumphant entrance at 10 Downing Street, the premier's official London residence. The Labour party had just won its first national election since 1974 and had pushed the Conservatives into opposition after 18 years in power. *Brigid Carr*

Tony Blair has pulled off Margaret Thatcher's feat of appearing to be above the rest of the party, says Robert Peston

Tony Blair is intent on creating a "Napoleonic system of government" in contrast to the "feudal approach" which he inherited when becoming prime minister a year ago.

This sententious declaration was made by one of his most trusted and influential lieutenants. He was referring specifically to a review of the role of the Cabinet Office designed to forge a common purpose for all ministers and their departments.

Hitherto, the great ministries have behaved like "warring baronies," vying for the largest share of the spending cake and conducting individual policy battles. The prime minister's aim is that they should all be cogs linked by a "powerful belt" so that they whirl in harmony.

According to this vision, the details of which are about to be made public, the cabinet office will be the connecting belt, with an enhanced role as the co-ordinator of policy. However, it will remain quasi-independent of Downing Street and will not become a prime minister's department, for fear of embroiling Mr Blair in petty ministerial spats.

Instead, one of his most loyal colleagues - almost certainly Peter Mandelson, the minister without portfolio - will pull the levers to make the government machine run smoothly.

This picture of Napoleonic co-ordination and control is the crux of the story of Tony Blair's first year in government. He has domi-

nated politics in that period, to the extent that today feels more like his anniversary as premier than the Labour government's first birthday.

Whether it was conducting the cacophony of emotions which followed Princess Diana's death or working around the clock to secure a political settlement for Northern Ireland, he conveys the impression of being born to be prime minister.

"I'm afraid all our private polling shows that his personal ratings are remarkably high," said one of the opposition Conservative party's chief strategists. Mr Blair has pulled off Margaret Thatcher's feat of appearing to be above his party.

He made one serious misjudgment, which was to allow Bernie Ecclestone, head of Formula 1 motor racing, to lobby him successfully over the tobacco sponsorship issue, even though this was bound to appear improper since Mr Ecclestone had given £1m (£1.67m) to the Labour party only a few months earlier.

By the same token, it is not completely fair that Mr Blair receives most of the credit for the government's perceived successes. Its most trumpeted policies - the welfare-to-work programme for the young unemployed and a raft of measures to create jobs and increase the take-home pay of the low paid - were created by Gordon Brown, the chancellor of the exchequer.

Meanwhile Mr Blair's image, as a strong-willed

premier-cum-president, is not supported by all the facts. The toughest decision of this parliament, when to join European Monetary Union, has been postponed until soon after the next general election.

One of his reasons for failing to give effect to his and his party's instinct that sterling should participate in Emu at a relatively early date was fear of alienating the influential Eurosceptic press, notably Rupert Murdoch's Sun newspaper, so early in the electoral cycle.

But for all that, Mr Blair has already set in train huge changes to the UK political landscape in a very short time.

Responsibility for setting interest rates has been passed to the Bank of England. A Scottish parliament will have significant legislative powers and a Welsh assembly will have an important executive role. A mayor of London is likely to emerge as an important national figurehead and there will be significant devolution of powers to Northern Ireland if the settlement is implemented.

So if Mr Blair wanted to set himself up as Napoleon, the supreme source of power in a homogeneous state, he has gone a pretty odd way about it. The man who today appears as the UK's most powerful premier in generations may in a few years' time find himself as just the most powerful baron among the chiefs of Scotland, Wales, London and Northern Ireland.

GOVERNMENT AND BUSINESS 'INTERFERENCE' FEARS UNFOUNDED

Party has a new friend in the City of London

By David Wighton,
Political Correspondent

After last May's landslide election victory for the Labour party, some business leaders remained cautious. Would the party be able to resist the temptation to meddle and to repay its debts to the trades unions?

A year later, it is clear those fears were largely unfounded: Labour has not reversed the transformation of its policies carried out in opposition and in many ways has moved further towards a free market, pro-business position.

For the City of London, one of the biggest concerns last May was what the government would do about the regulation of takeovers. Labour had for years advocated making takeovers more difficult by requiring companies to show they would be in the public interest.

A month after the election, Margaret Beckett, the chief industry minister, dropped the idea. However, the City celebrations were dampened by concern over her first decisions on the control of mergers.



Against the advice of the Office of Fair Trading, she referred to the Monopolies and Mergers Commission the award of two rail franchises to National Express and the Pacificorp bid for Energy Group - both of which were subsequently cleared.

She also overruled the commission by blocking the proposed brewing merger between Bass and Carlsberg-Tetley.

Mrs Beckett insisted that all the decisions were based on competition considerations or - in the case of Energy - on concerns about

the ability of the UK authorities to regulate the company after a takeover.

The importance of fostering free and fair competition is a constant theme of ministers who feel they should have more credit for introducing a shake-up of competition legislation.

Although Labour has tempered its fondness for "picking winners", that does not mean the government believes in leaving everything to the market.

A senior government member said it would be "perverse" not to recognise that Britain had world-beating companies whose overseas rivals received significant backing from their own governments.

"But our instinct is not to thrust our hand into the taxpayers' pocket," he said.

On some issues Mrs Beckett has found herself lagging behind the pro-business, free-market lead of the prime minister's office. For example, at the insistence of the office, she reined in her enthusiasm for utilities to share "excess profits" with customers.

Philip Stephens, Page 12

Risk of opposition split on EU recedes

The prospect of a schism in the opposition Conservative party at next year's European elections receded yesterday, George Parker writes. Senior pro-EU party members revealed they had dropped plans to run a separate slate of candidates.

The embattled Conservative Left has been assured by William Hague, the party leader, that he does not intend to purge pro-Europeans from the party's candidates list. They were relieved that the list of about 250 approved candidates for the 1999 elections, completed yesterday, strikes a balance between the two wings of the party.

Although the list contains a number of high-profile Eurosceptics including Norman Lamont, a former chancellor of the exchequer, there are also a number of candidates from the Left. "We are no longer talking about fielding a separate slate," said one pro-European former minister. "The candidates' list has been drawn up very reasonably, and is not weighted one way or another."

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COMMENT & ANALYSIS



PHILIP STEPHENS

Beneath the hubbub

The economy may unsettle the government but Europe and electoral reform promise to reshape Britain's political landscape

Enough of anniversaries. The economy will now begin to set the rhythm of Tony Blair's administration. Those dry statistics that seem so blissfully irrelevant when life is going swimmingly will again cast a pall over the front pages. Didn't we first read the runes of Margaret Thatcher's demise in the trade figures? And yet beneath the familiar hubbub of politics two other issues - Europe and electoral reform - promise to reshape the nation's future.

It will be intriguing to watch Mr Blair govern in adversity. Here is a politician accustomed to commanding the agenda. But he is no wiser than the rest of us as to the likely severity of the impending economic downturn. When the Treasury's mandarins last filed into 10 Downing Street, they came clutching all manner of charts and graphs. Impressive, thought Mr Blair - until he asked what conclusion he might draw? Keep your fingers crossed came the reply.

The prime minister seems to expect what you might call a bumpy rather than a hard landing. The pace of economic growth will slow abruptly, sure enough. Unemployment will probably rise. The cries from manufacturing industry about the unsustainable level of the pound will grow louder. But it will be a downturn rather than a recession, a political jolt rather than a calamity.

To my mind the risks are on the downside. Sterling's steep appreciation is doing serious damage to manufacturing. The grim news this week from the Confederation of British Industry's latest trends survey has debunked the silly notion that, by some miracle, exporters can now

live with a vastly overvalued currency. The anecdotal evidence also tells us that the pace of growth in consumer spending has been still stronger than the official figures allow. The Treasury's countervailing tightening of fiscal policy is likely to turn out in retrospect to have been correspondingly less severe. That is precisely what happened in 1988. Mr Blair would be wise to be sparing in his promises to banish the curse of boom and bust.

This is a debate, though, that time will settle soon enough. More interesting is the ground on which Mr Blair has a chance to shape events. The economy may unsettle the government for a year or two but, with the Conservatives in their present catatonic condition, even a recession would be a manageable setback. It is the prime minister's choices on Europe and the voting system for the House of Commons which will interest historians.

This weekend in Brussels Mr Blair plays umpire at the launch of the euro. It will be an uncomfortable experience. Sure, he has been asked to act as honest broker in the unseemly dispute over who should head the single currency's new central bank. But there is no escape from the irony that the most politically powerful of the European Union's leaders now stands on its sidelines.

The reality of Euroland does something else. It reminds us that Mr Blair's attempt last autumn to neutralise the issue in Britain's domestic politics was always doomed. Gordon Brown, the chancellor, may have declared sterling safe until after an election. But keeping open the option of

participation in the next parliament demands more than Mr Brown's preparatory committees and changeover plans.

If it is serious in its intent, the government will have to become a persuader for the project. Mr Brown seems to grasp this. His speeches have become more robust in their commitment to the principle of British membership. That decision, he declares, has been taken. The question is one purely of economic circumstance. His eye is on an election early in 2001 and a referendum a few months later.

The prime minister is altogether more circumspect in his public utterances. He talks about it as well as when. He is almost as cautious in private. This is a subject about which he self-consciously weighs every word with extreme care. The tactics of bringing public opinion round to the venture cannot be disentangled from the strategic objective.

But what is that objective? There are many who say the prime minister is instinctively less enthusiastic than his chancellor. He has been heard to remark that politics cannot be allowed to overrule economics. John Major made that mistake in joining the exchange rate mechanism at the wrong time and the wrong rate.

My sense, though, is that the differences between prime minister and chancellor are essentially tactical. Assuming the euro works, they would both join as soon as economics allows. What I think the prime minister lacks is an appreciation of the dynamics. He sees a pivotal role for Britain in the coming upheaval of the Union's institutions to

prepare for enlargement to the east. He does not seem alarmed, though, to the speed with which the creation of Euroland will reshape the politics of the continent. And Britain's option to join the single currency comes with conditions attached.

Mr Blair displays the same cautious opacity on the other big issue of the coming year. An independent commission is to report in the autumn on an alternative to the present first-past-the-post voting system for the House of Commons. It seems likely to recommend a preferential voting system known as Alternative Vote - with some modification to produce a more proportional outcome. A referendum is then promised.

We know that Mr Blair's central ambition in politics is to establish the permanent ascendancy of the centre-left in British politics. For all his occasional irritation with the Liberal Democrats he still sees it as goal worth pursuing. A proportional voting system is the obvious route. And yet all we have heard so far is that the prime minister is unconvinced of the case.

I suspect that, as with the euro, the reticence is essentially tactical. The outcome of a plebiscite on voting reform is uncertain. Mr Blair does not want to argue for change until he is sure the case would be won. And there are voices around him which speak passionately against a proportional system which would deny him his present unchecked authority. For the moment Mr Blair is content to let the debate rumble in the wrong sense, though, that, as with Emu, his instincts run against the status quo.

Here the two issues connect. To persuade the nation to join the euro, Mr Blair will need to forge an alliance across traditional political divides. Electoral reform would be tangible evidence of a more permanent commitment to this inclusive politics of the centre. It would also shut out the right from power for a generation. Mr Blair has told us he wants to remake Britain's political landscape. Now he has the chance.

LETTERS TO THE EDITOR

Political will of voters not to be underestimated

From Mr James Barr.
Sir, Wolfgang Münchau, in his final Preparing for Emu column ("Now it's time to live with the euro", April 28), concludes that "the sceptics, having underestimated the political will behind the launch of Emu, may end up underestimating the political will to hold it together". Some may underestimate this political will, but no one should underestimate the political will of Europe's electorate to vote against

measures they dislike or simply against the status quo.

At the moment that status quo involves high unemployment and tough restrictions on public spending, both of which are widely acknowledged as side-effects of the quest for economic and monetary union. Mr Münchau himself suggests that Emu may lead to an initial rise in unemployment. It is questionable how politicians in the impending German elec-

tions will explain away this rise to the increasingly disillusioned voters in regions such as Saxony-Anhalt, profiled on the same day.

Protest voting, often with an anti-European tinge, colours the political landscape of Germany, France and Austria increasingly. Politicians' ability to exert their political will depends on their mandate. Their natural search for power has led in France to some worrying alliances. While the "politi-

cal will" for Emu undoubtedly remains, it is becoming unclear whether the popular mandate for economically painful measures will continue to endow it with a convincing majority in Europe's proportionally represented assemblies.

James Barr,
head of research,
The European Foundation,
Research Unit,
61 Pall Mall,
London SW1Y 5SZ, UK

Shares: a 'surprising result' confirmed

From Mr Andrew Mills.
Sir, We are pleased to support one of the "most surprising results" of your survey ("Shares in the action", April 27) that the City is essentially long term.

Research sponsored by us has established that, on average, major institutional investors maintain core shareholdings for eight and a quarter years.

Our recent survey, Invest-

ment Relations in the UK, has also identified that directors can expect the demands on their time to increase, with fund managers expressing a desire for greater contact with senior management.

The listing requirements of the London Stock Exchange are surely the best way to regulate compliance with the Hampel combined code of corporate governance, but a way must be

found to encourage institutions to play their part without each having conflicting requirements of companies.

An effective, practical solution to this problem is needed to avoid government legislation.

Andrew Mills,
chairman,
Investment Relations Society,
1 Bedford Street,
London WC2E 9ED, UK

Curry that's not on the menu for Tullow Oil

From Mr Aidan J. Heavey.
Sir, I strongly object to the statement made concerning Tullow Oil in "Oilmen fear Bangladesh politics may cloud development of natural gas riches" (April 27), and to the clear implication that Tullow's "leapfrogging" of the leading oil companies in the bidding process, as your correspondents Robert Corbin and Mark Nicholson put it, was due to currying political favour. This was most emphatically not the case.

While Tullow's executives have not been known to refuse any curried dish in Bangladesh, political favour is not on our menu.

The recent Bangladesh petroleum licensing round was conducted to the highest

industry standards, and the bids opened and evaluated under the supervision of Arthur Andersen. The companies (including Tullow) that submitted the best commercial terms for each of the blocks on offer, in accordance with the bidding parameters, were called for further negotiations and the terms finalised.

The government of Bangladesh has always maintained that the bidding round would be fully transparent and has not commented on the fraudulent press speculation in Bangladesh and elsewhere. However, as a result of external political pressure, it has delayed announcing the awards.

Such external political pressure on the government

of Bangladesh has not been to ensure transparency, as stated in your article, but rather to persuade it to revise the bidding process retrospectively so as to favour certain companies.

The government of Bangladesh has so far been able to resist such pressures and remains faithful to the transparency and integrity of the bidding process. It is in the longer-term interests of Bangladesh that it continues to do so.

Aidan J. Heavey,
chief executive,
Tullow Oil,
Airfield House,
Airfield Park,
Dunboyne,
Dublin 4,
Ireland

Wake up - and say 'no' to everything

From Mr John V. Woodman.
Sir, I used to be a private sleepy shareholder (Lex, April 27) who left it to the chairman to fill in my voting card.

Now I make my weight felt by always voting against everything. When the institutional shareholders make a fuss, they must be pleased to have my support. When all is well, my objections carry no weight.

John V. Woodman,
Foresters,
Sway Road,
Lymington,
Hampshire SO41 8LR, UK

Fête? There's no comparison

From Mr R. A. Ledingham.
Sir, Your leader entitled "Own goals" (April 24) likened the organisation of this summer's World Cup to that of a village fête.

That comparison is grossly unfair and is a gratuitous slur on the organisers of village fêtes.

R. A. Ledingham,
The Old Hat,
Freston Bissett,
Bucks MK16 4LN, UK

Number One Southwark Bridge, London SE1 9HL

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PERSONAL VIEW PADMA DESAI

India's false alarms

The BJP's recent electoral victory has raised worries about the economy, Moslems, nuclear weapons and political chaos. But such fears are overdone

The world's largest democracy has come through its latest test. Last month, after a remarkably smooth electoral process, a new Indian government was sworn in. But the narrow victory of the Bharatiya Janata party, the "Indian people's party", raises some alarming questions.

Does the BJP's campaign slogan of *swadeshi* ("cultural nationalism") mean that India's economic reforms, based on progressive insertion into the global system, will be halted or even reversed? Will the BJP's Hindu activists turn out to be a hard core driving anti-Moslem agendas, or be reduced to a lunatic fringe in policymaking? Will India become openly nuclear? Is the fragile 20-party coalition headed by the BJP confirmation of India's descent into alliance-based politics and therefore into political chaos? These fears are not fantasies. But, in each case, it is reasonable to be optimistic.

Swadeshi, and the associated assertions that "India is for Indians", are sentiments that hark back to the days of the independence movement. Indeed, *swadeshi* was a cultural artefact that helped mobilise the masses in Mahatma Gandhi's non-violent insurrection against British rule. In the same vein, it is not a call to arms for specific economic policies but rather an outcry against the fact that India, after half a century of independence, has lost its international status and its war on national poverty. Both can be blamed largely on its abysmal economic record.

That immense economic failure was caused not because *swadeshi* turned India inward but because the Indian elite chose socialist notions for running the economy. It was Jawaharlal Nehru, educated in Fabian socialist ideas at Cambridge, not Mahatma Gandhi with his ideas about India's self-sufficient villages, who governed India. Absurdly high protection for domestic industry and stiff restrictions on inflows of direct equity investment were



Extreme action: Hindus storm the Ayodhya mosque, 1992 Reuters

Inherited by the reformist Congress government of P.V. Narasimha Rao, former prime minister, which began to reverse this self-imposed, crippling exile from the world economy in the summer of 1991.

The BJP's constituencies include an assortment of shopkeepers, *sadhus* (holy men) and stockbrokers; its coalition partners are mostly

would disrupt the coalition whose primary need will be to survive. Besides, the BJP cannot be unaware that its voter support had risen steadily to 20 per cent as long as it played the Hindu revivalist card. When it was perceived as having overplayed its hand with the destruction of the Babri Masjid mosque at Ayodhya, the vote got stuck there.

Nothing works so magically in moderating the extremism of a political party as getting closer to power

regional parties. None of these groups has an obvious stake in economic nationalism. Indeed, they are free from the ideological baggage that, coming from the left, dented India's economic performance. Paradoxically, the BJP-led government may be able to move rapidly on India's next phase of reforms.

The chances of the BJP indulging in Moslem-baiting are also slim. Such action

polygamy and the payment of alimony to all Indians is an idea that makes good sense. But it is increasingly appreciated that Moslem leaders must initiate such reforms or else the idea would appear as an invasion of Moslem traditional rights.

The option to go public with nuclear capability was a good election sound bite. But India has managed pretty well, as has Israel, in acquiring unacknowledged capability. Here, the "don't ask and don't tell" policy is clearly the smart choice. Even if Indian policymakers believe the nuclear powers have no business telling the non-nuclear powers to remain so, the fact is that India would hurt itself by acting openly on this position. The forces of civil society are arrayed against non-proliferation and, as Bill Clinton, the US president, discovered on the landmines treaty, you take them on at your peril. So the BJP has sheathed its nuclear sword.

India's political future remains the most troubling question. There have been successive coalition governments since 1991. There have been two elections in less than two years; and another one might soon be precipitated. On the other hand, an equally likely scenario is that of India's evolution to a stable two-party system. The BJP has come so close this time to becoming a party with a simple majority of seats in the lower house that it can be expected to mount efforts to broaden its appeal. Equally, the Congress party has seen its declining fortunes arrested under Sonia Gandhi's leadership. If the window of opportunity she has provided is seized upon to rejuvenate the party with a reformist agenda and grassroots organisation, Congress can once more become a party to contend with. So India may wind up with two dominant parties, the Congress and the BJP, much like the Democrats and the Republicans. Political stability would then be more than just a dream.

The author is the Harriman professor of economics at Columbia University

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INSIDE

Bre-X drama continues in the courts
More than a year has passed since Bre-X Minerals' purported 71m ounce gold deposit in Indonesia was unmasked as a hoax. The drama is now being played out in courtrooms in Toronto and Texas, where lawsuits seeking billions of dollars of damages have been launched. Lawyers representing about 2,000 investors say the company and its directors are not the only ones to blame. They also allege that several brokerage firms issued false and misleading research reports about the Bre-X deposit and profited from their association with the company. Page 24

Brazil bids punctuated by problems
In Brazil, the difference between a comma and a full stop can be costly. Tesc, a consortium bidding for cellular telephone licences, was disqualified on grounds that included expressing its winning bid in figures using Anglo-Saxon notation - commas before thousands, full stop for decimal point - instead of the opposite system used in Brazil. The Supreme Justice Tribunal finally ruled that lesser courts should have accepted that Tesc's bid was not just over R\$1.32 (US\$1.17), but a billion times that amount. But, as the second stage of the sell-off looms, have the lessons been learnt? Page 18

Malaysia balks at crisis measures
Investors in Malaysia were hopeful, at the start of the year, that the government was ready to deal with the consequences of the Asian financial crisis. But conflicting statements on how to respond to the crisis and a lack of substantial changes in the economy have dashed those hopes. Bankruptcies, poor company results, and perceived bail-outs of well-placed individuals have hit share prices. The authorities seem intent on avoiding a move analysts see as inevitable - relaxing the limits on foreign ownership in key sectors. Page 34

Sun refuses to set on jute group
Jute was labelled as a "sunset industry" nearly two decades ago when synthetic bags became the bulk packaging medium. But India's Champdany Industries surprised the market by consistently making healthy profits. It has been able to defy the downward trend by placing its faith in high value-added new products that require the blending of jute with other fibres. Page 18

European markets up on rate news
European equity markets saw a strong surge, as fears of higher interest rates receded. US data indicated that inflationary pressures remained subdued, in spite of a booming economy, while the Bundesbank decided, as expected, to leave rates unchanged at its regular monetary meeting. And EU leaders rallied to reassure financial markets that the dispute over who should head Europe's future central bank would be resolved at this weekend's summit meeting in Paris. Page 34

New North Sea oil discovery
An oil consortium, led by Amoco of the US, has made a large oil discovery in the Norwegian section of the North Sea, which could open recoverable reserves of up to 500m barrels of oil equivalent. Page 24

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EMI shares rise as group confirms bid approach

Seagram and Disney are among possible suitors for record company

By Alice Rawsthorn in London and William Lewis in New York

Shares in EMI, one of the world's largest music groups, rose 99% to 607 1/2p yesterday after the company confirmed it had received an approach from a prospective bidder, believed to be Seagram, the Canadian drinks and entertainment conglomerate.

Seagram, which held unsuccessful talks with EMI last year on a possible merger with the Canadian group's Universal Music subsidiary, is understood to have renewed discussions in recent weeks.

Seagram refused to comment. EMI, valued at \$4.77bn (\$8bn) yesterday plus \$1bn of debt, declined to identify which company had approached it, both in a statement to the London Stock Exchange and an internal memorandum circulated to staff by Sir Colin Southgate, chairman.

The talks are thought to be at an early stage, and may not lead to a formal offer.

Other prospective bidders are thought to include Walt Disney, the US entertainment



The Beatles have been one of EMI's most valuable assets for more than 35 years.

group, which is believed to have been considering the acquisition for several months, and Kirk Kerkorian, the veteran US corporate raider who controls the MGM/UA movie studio.

Analysis speculated that the confirmation of bid talks might trigger a bidding war.

Sir Colin said yesterday: "This business is not for sale - clearly we have a fiduciary duty to consider any serious offer to increase shareholder value. However, over the years we have often had expressions of interest which come - and then go."

EMI, which owns the world's largest music publishing company and numbers the Beatles, Radiohead, Smashing Pumpkins and the Rolling Stones among its artists, has been the bastion of the UK music industry for over a century, but has been dogged by long-running bid rumours.

It is the only one of the "big six" record companies, which collectively control over 70 per cent of the \$88bn global music market, to remain independent. The others - Sony, PolyGram, Warner, Bertelsmann, and Universal - are already controlled by larger electronics or entertainment groups.

Global record sales have slowed recently, making EMI more vulnerable to a bid. Sir Colin is expected next month to announce a fall in pre-tax profits to around \$312m in the year to March 31, from \$380.5m in the previous year.

Speculation about EMI's future was also heightened by a boardroom row in February. The board voted proposals for Sir Colin to go non-executive after his appointment as Royal Opera House chairman, with Jim Ffield, the 57m-a-year head of EMI Music, becoming group chief executive. Mr Ffield has since left the group with a \$12m pay-off.

One of the chief stumbling

Way clear for Texas in Energy Group takeover

By Andrew Taylor in London and William Lewis in New York

A bitter takeover battle for Energy Group, Britain's biggest electricity supplier, ended in further acrimony yesterday when PacifiCorp pulled out leaving the field clear for Texas Utilities, its US rival.

Texas Utilities' offer of 840p a share, worth \$4.45bn, (\$7.43bn) was immediately recommended by Derek Bonham, Energy Group's chairman. PacifiCorp said it would not be increasing its 820p a share offer.

The handling of the bid by PacifiCorp and its adviser Goldman Sachs was attacked by US shareholders who recently have paid more than 860p for Energy Group shares.

They complained that PacifiCorp's decision this week to appeal to the British Takeover panel over bidding procedures had signalled that it was considering raising its offer.

However, Fred Buckman, PacifiCorp's chief executive, said yesterday that the company's 830p offer at the beginning of March had represented "a full price".

US shareholders said PacifiCorp should have announced much earlier that it had no intention to pay more.

Those likely to be angered by the company's withdrawal less than 48 hours before it was due to submit a sealed bid include George Soros, the billionaire financier.

Mr Soros recently paid 865p to purchase a further tranche of 110,000 shares. Credit Suisse First Boston also paid more than 860p for a small amount of shares.

US shareholders will be eligible to receive Texas shares worth an equivalent of 865p under a limited alternative offer.

Texas, which controls about 28 per cent of Energy shares, welcomed the PacifiCorp decision.

PacifiCorp launched the bidding for Energy Group almost a year ago at 890p. It had acceptances of more than 60 per cent when the bid was blocked by a Monopolies and Mergers Commission investigation. The offer was subsequently cleared only for Texas to enter the fray.

Delta and United agree air alliance

Extensive link-up is subject to approval by powerful pilots' unions

United Airlines and Delta Air Lines, two of the world's biggest carriers, are to form an extensive alliance, subject to the approval of their powerful pilots' unions.

The link-up, announced yesterday, is one of several new partnerships in the US industry this year, as carriers attempt to win new business by offering flights to destinations they do not currently serve.

The airlines hope to combine Delta's strong presence in the eastern and southern US with United's routes in the west and midwest. The deal follows alliances earlier this year between Northwest and Continental Airlines and between American Airlines and US Airways.

Although the airlines said they intended to co-operate on flights both in and outside the US, they will not extend their alliance to Europe. They said this was because of the "uncertainty and complexity of the European regulatory environment".

The European Commission is examining the two airlines' alliances with European carriers and United and Delta said they did not wish to complicate matters further.

Gerald Greenwald, United chairman, said the airlines were following the consolidation pattern set in other industries. "This agreement represents the wave of the aviation future. The economy and business have gone global: so have communications. Our customers tell us they need the same in transportation. No one carrier has the resources to meet this demand alone."

Both airlines have union agreements allowing their pilots to veto code sharing deals - selling seats on each other's flights. A plan to announce the alliance last week was postponed after opposition from Delta's pilots. Both companies said yesterday they had had extensive discussions with their pilots' unions on the implications of the deal, although agreements have not yet been reached.

Delta has rejected a demand from its pilots that they be given a voting seat on the board in return for approving the deal. Delta's pilots have a non-voting representative on the board. United, which is

US operations chief to take the helm at McDonald's

By Nikl Tall in Chicago

Michael Quinlan, chief executive of McDonald's, is to hand over control to Jack Greenberg, currently head of US operations, as the world's biggest fast-food chain attempts to revitalise its business.

McDonald's has grown dramatically during Mr Quinlan's 10-year reign and now operates in 109 countries, but lately has suffered loss of market share and weak profits in the US in the face of intense competition from rivals such as Burger King.

Mr Greenberg's appointment, which takes effect in August, follows efforts by McDonald's to recover its poise after its much-hyped Arch Deluxe burger and a 55-cent Big Mac promotion failed to live up to expectations.

The company announced a management shake-up in July which propelled Mr Greenberg to chief executive of US operations. In March, it announced a \$190m plan to revive flagging demand by changing the kitchen equipment in all of its 12,800 US restaurants. The new equipment will allow McDonald's to make burgers to order instead of cooking them in batches.

Earlier this month, McDonald's succeeded in meeting analysts' expectations for the first time in three quarters, reporting net profits up 5 per cent in the first quarter to \$362.2m on sales of \$3.2bn.

Mr Quinlan has talked of achieving "positive momentum" and the company's share price has recovered significantly. Yesterday, in a strong market, McDonald's shares rose \$1 1/4 to \$90 1/2.

Mr Greenberg said he intended "to continue to grow the business", and would be making innovation a priority. He said a second priority would be "aggressively leveraging the synergies between the US and international businesses", and that he would be looking to "focus on people".

Mr Quinlan will continue as chairman.

Japanese corporate bonds boom as banks cut lending

By Gillian Triggs in Tokyo

Japanese companies issued a record ¥8,800bn (\$67bn) worth of yen bonds in fiscal 1997, a 56 per cent increase on the previous year, as the country's banks trimmed their lending.

Industry observers say the surge is likely to continue this year, with Japan's Big Bang financial deregulation making it easier for companies to diversify sources of funding.

Trevor Brewster, a director in Tokyo of Barclays Capital, the UK group, said: "Relations between the Japanese banks and their clients are being eroded, and once the companies have come to the capital markets they're not going to go back."

Japan's corporate bond markets have been relatively underdeveloped as companies have enjoyed long-standing, close links with banks. However, many banks are trying to cut lending to meet international capital adequacy rules.

Corporate bonds have also become more attractive, especially to Japanese institutional investors, as domestic equities have languished while yields on Japanese government bonds have fallen to record lows.

Data from the Bond Underwriters Association show that 567 corporate issues were made in fiscal 1997, compared with 370 in 1996, and only 88 five years ago. Between December and March ¥4,300bn worth of



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Cherwell Chain		280		280
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INTERNATIONAL CAPITAL MARKETS

Despite the troubles in Asian economies, global markets have proved resilient and remained buoyant, says Simon Davies

Another leg for the bull run

Given the current drive for mergers among investment banks and the vast bank write-offs for exposure to troubled Asian economies, it is easy to forget that participants in global capital markets have been enjoying boom conditions.

Enthusiasm for emerging markets debt and equities has yet to fully recover. But the extent of the problems in Asia has receded, and overall financial markets have remained buoyant.

Indeed, Asia has provided a prop for the relatively high growth and low inflationary environment found in the west. US and European interest rate rises have been postponed, as a result of weaker commodity and import prices. The US has not increased its interest rates since March 1997, and even then it was only a 25 basis point - 0.25 per cent - rise.

Against this backdrop, bond yields have fallen close to historic lows, fuelling liquidity in the equity markets and giving another leg to the longest bull market in history.

"If firms did not do well last year, then they are having to ask themselves some tough questions," says Paul Daniel, head of European fixed income at Morgan Stanley Dean Witter. "The Asian problems were not as serious as first anticipated, and the casualties are well known. But most firms should have made exceptional profits."

According to the International Securities Market

Association, Eurobonds and international bond issuance grew by \$56bn last year to \$72bn. This was only an 8 per cent increase, compared with the 59 per cent growth that was achieved in 1996.

However, there was a substantial pick-up in secondary market activity, reflecting the volatility of the market in the fourth quarter.

And there has been a surge in issuance so far this year, as companies revived issues that had been planned for the fourth quarter, and borrowers locked in to increasingly attractive bond yields.

International borrowers raised more than \$500bn from the bond markets in the first quarter, more than double the figure for the same period in 1997.

Equity issuance has not matched the growth in the underlying stock markets, but it has nonetheless been buoyant.

Last year saw a dramatic shift towards retail equity investment in Europe, encouraged by falling bond yields and government incentives attached to a number of substantial privatisations. There has been a decline so far this year, but the positive trend should continue.

There have been other subdued areas. The syndicated loan market has suffered from the withdrawal of many of the Japanese banks that had historically provided about 15 per cent of its capital.

And the growth in the derivatives markets has

slowed, reflecting the decline in volatility in European interest rates and currencies in the lead-up to economic and monetary union (Emu). However, overall the capital markets have enjoyed buoyant conditions.

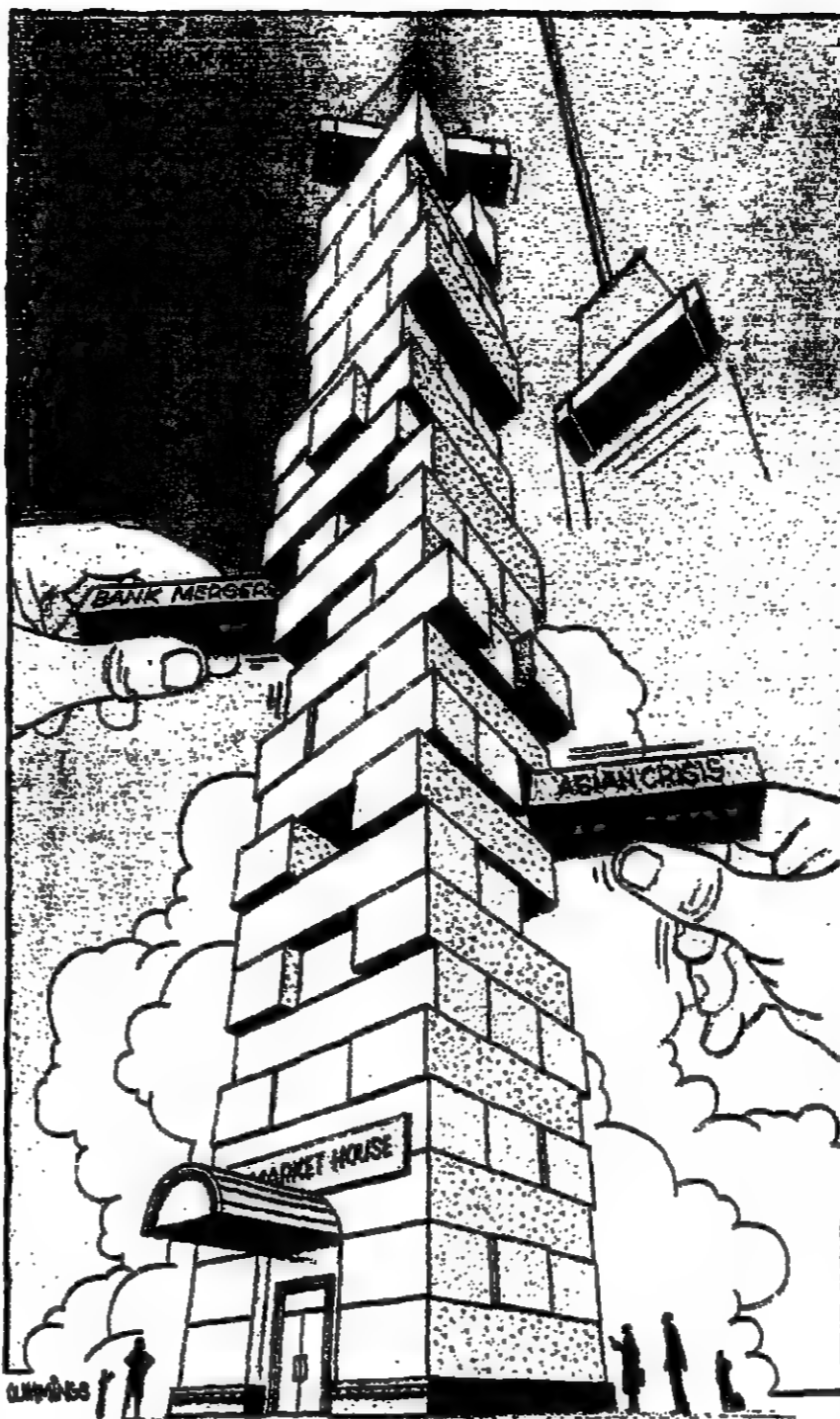
One of the key factors that will determine whether they remain so, will be US interest rate policy. In February 1998, the US Federal Reserve sparked a global sell off in financial markets after a surprise rate rise.

In recent weeks, there have been growing fears that the economic impact of the Asian financial crisis might have been over-estimated and that the Fed would move on rates. This has been encouraged by official comments on the extent of asset price rises, particularly the stock market.

However, Giles Keating, head of global research at Credit Suisse First Boston, says: "I am not worried about higher interest rates for a considerable period of time."

He argues that the Fed would be constrained by fears of reviving the market volatility of late 1997, particularly now that a majority of household savings are tied up in the markets. And he argues that inflationary pressures remain relatively subdued.

If this is the case, falling bond yields will drive demand for higher yielding securities. In the first nine months of last year, this process took the form of a surge in emerging market bond investment. But yield



spreads against US Treasury bonds more than doubled at the worst of the crisis late last year, and it is clear that investors will take time to recover their enthusiasm for such exotic government bonds.

This will be positive for the development of the credit derivatives market, which protects investors from default risk. But it is also likely to fuel demand for other higher yielding bonds, such as junk bonds or

asset-backed securities. In addition to the positive interest rate environment, there have also been supportive structural changes. The build-up of mutual funds in the US, which have grown from \$1,100bn in 1990

to over \$4,800bn, has channelled enormous financial resources from the banking system into the capital markets. Both Europe and Asia look as if they will follow suit.

The impending birth of the euro is sparking enormous changes in European financial markets. Italian government bond yields have dropped by 800 basis points in the last three years, as European bond yields and interest rates converged in advance of Emu.

The convergence process is almost over, but it is sparking a shift of savings into the equity markets, and into credit instruments, such as the new European junk bond market.

Rates have come down from double digits to core European levels in just two and a half years," says Joe Cook, global head of capital markets at JP Morgan. "The widows of Firenze are in shock as their 11 per cent coupon bonds mature and they are being offered yields less than half that."

Clearly, the Euro will help create a much more broad and liquid single currency bond market. It will also encourage the greater use of pan-European investment benchmarks, sparking an increase in cross-border activity in both bonds and equities.

By removing the currency differentials, Emu will highlight a number of other competitive barriers and encourage the development of a more cost efficient market.

"A lot of the home town rules that protect local markets in Europe will become more obvious after Emu, and they will be chiselled away," says Mr Cook.

This vast pool of capital is being created at a time when the biggest source of bonds, governments, is in decline. Due to the rigours of the Maastricht criteria, and the UK economic recovery, European issuance is expected to fall by one third, or \$50bn, this year.

And the pool will expand with the development of private pensions in Europe. This opens the way for the development of a substantial

corporate bond market. At present, bank loans remain a substantially higher percentage of gross domestic product throughout Europe than in the US, while the value of bonds outstanding, and with the exception of the UK and the Netherlands - stock market capitalisations are far smaller. This is set to change.

Another region where the dominance of the banking system is under pressure is in Asia.

One of the lessons of the Asian crisis was that the region's banks failed to allocate efficiently Asia's abundant savings.

In Hong Kong and south-east Asia, there are moves under way to encourage the development of regional bond markets. This would provide benchmarks for bank lending, and offer an early warning system against economic difficulties of the kind that emerged in Thailand and Indonesia.

Meanwhile, the Japanese authorities are realising the importance of opening up their capital markets. When their Big Bang was announced several years ago, it was expected to be a damp squib. But in the light of the country's economic problems, there are hopes that it signals dramatic change. Hence the decision by Merrill Lynch to acquire much of the bankrupt Yamaichi Securities business.

The 54 per cent increase in Japanese corporate bond issuance last year suggests a positive trend. Moreover, the Japanese banks will have to raise cash through bonds backed by loan portfolios, increasing the importance of the bond market.

A combination of the low interest rate environment and the financial revolutions taking place both in Europe and Asia is an appealing one.

Clearly, any upward shift in the interest rates in the US would spook investors and lead to a slowdown in issuance.

However, Mr Keating says: "I expect that this will be a more selective but still highly favourable period for the capital markets."

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2 INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BOND MARKETS • by Edward Luce

Shrugging off the jitters

Several factors have combined to create boom conditions in the first quarter

International bond markets surprised themselves and everyone else with a dramatic return to boom conditions in the first four months of 1998.

Shrugging off persistent jitters over the Asian financial crisis, international borrowers tapped more than \$500bn from global bond markets in the first three months of 1998. This was more than double the amount raised in the equivalent period of 1997 – itself a record breaking first quarter.

"Borrowers realised there was as much liquidity out there as before the Asian crisis," says Paul Abberley, head of fixed income asset management at Lombard Odier, a private Swiss bank. "Investors, in turn, realised that the worst of the crisis was probably over."

The explosion in new issuance so far in 1998 has been driven by several factors.

First, borrowers, including leading names such as the World Bank and the Federal National Mortgage Association, needed to make good the time lost in the final quarter of 1997 when the market slowed dramatically. As such, six months worth of funding requirements were effectively crammed into the first quarter of 1998.

Second, despite some brave – and largely successful – visits by emerging market sovereigns, borrowing in the first quarter of 1998 was heavily dominated by AAA and AA-rated names. This reflected the market's continuing demand for "safety first" paper. Multilateral borrowers and some AAA corporates were able to exploit this opportunity to pre-fund second quarter borrowing targets.

Third, macroeconomic conditions continued to favour bond markets in spite – or even partly because of – the global effects of the Asian currency crises.

The persistence of low interest rates in the leading developed economies and the continued drop in yields on US and European government bonds reduced the attractiveness of holding cash or government paper. Borrowers able to offer even a small pick-up in yields over benchmark government paper thus proved popular with fund managers.

Fourth, leading borrowers, including the European Investment Bank, Italy, Spain and Abbey National, made preparations for the onset of European monetary union with benchmark offerings denominated in the future single currency.

Although euro-denominated issues made up only 5 per cent of total issuance in the first quarter according to Capital Data Bond Ware, an information service, this was almost double its share of bond issuance in 1997. The proportion is expected to rise sharply in the second half of 1998. "Once bilateral conversion rates have been set between the currencies entering monetary union (in early May), market confidence in the euro will take off," says Rob Jolliffe, head of fixed income for Goldman Sachs in Frankfurt. "We expect a steep rise in euro issuance in late 1998."

The presence of favourable cyclical conditions in the market was also underpinned by benign secular trends, the most important being, perhaps, the continuing move towards capital markets borrowing (as opposed to borrowing from "relationship banks") in Europe.

The onset of Emu in January 1999 has accelerated the de facto Americanisation of Europe's capital markets. This has encouraged European insurance and pension

funds to look beyond domestic markets to consider buying paper issued by borrowers in other parts of the future single currency zone.

As a result, the cross-border pool of liquidity is steadily growing. "Capital is increasingly looking for its most efficient home and this is good for bonds," says David Ovenden, head of fixed income at Paribas in London. "The disappearance of 10 currencies will dramatically increase the role of the bond markets."

One result of this shift to disintermediated funding (cutting out the banks) is the development of a junk bond market in Europe. Although it is still only the fraction of the size of its US counterpart, the growth of Europe's fledgling junk bond market is gathering momentum.

Companies such as Moulinex, the French household goods producer, and IPC, the British media company, have tapped this nascent market. Many more are expected to follow once fund managers have woken up to the consequences of Emu.

"We are encouraging some of our clients to look at single-A rated paper where before they only looked at AA-paper," says Peter Price, head of fixed income at Hill Samuel Asset Management. "Eventually funds could start looking at BBB paper in the same way as their counterparts in the US."

The growth in the corporate bond market is also being boosted by cuts in government borrowing – both in Europe, where governments have had to cut budget deficits to qualify for Emu, and the US, where the Treasury is steadily reducing its annual auction calendar. As such, the more conservative portfolio funds are being deprived of their traditional diet of sovereign paper.

This has provided an opportunity for non-government borrowers to fill the gap with so-called "jumbo" bond issues. Others have



Bills being changed for Italian lire in an experimental use of the euro in Italy last year: the euro-denominated market will have a nominal value of \$2,800bn

GOVERNMENT BONDS • by Vincent Boland

Emu alters the game

Investors are currently re-evaluating how to approach the markets

Convergence is dead; long live convergence. The wave of harmonisation in the past few years across the government bond markets of the countries joining European economic and monetary union has been a goldmine

for investors. Today, yields on 10-year Italian government bonds are almost the same as their German equivalent, which have traditionally been the benchmark for investors.

There is little left on the convergence front to play for now, although the small spread between the core European markets and the former high yielders in southern Europe is likely to remain in place for some time yet.

The euro-denominated market will have a nominal value of \$2,800bn, just shading the \$2,700bn US treasury market for supremacy.

This will throw up new opportunities and challenges, with the European central bank, the likely reserve status of the euro and the constraints imposed on individual governments all impinging on the structure and potential of the market.

"Investors are trying to

re-evaluate how to approach bond markets," says Thomas Juterbock, managing director and head of US and European government bond trading at Morgan Stanley Dean Witter.

"US investors have global businesses with global liability structures. They will probably want to have global asset structures as well. At the moment, they are underexposed to euro assets."

Continued on page 2

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Mr Juterbock says yield curve trading and cross-currency arbitrage will take on added importance in the new bond market. But the search for yield, a characteristic of the main government bond markets in recent years, will continue. "Convergence trading has ended. The emphasis will shift to currency yield curve positions," he says.

Philippe Rakotonao, head of fixed income at Société Générale in London, agrees, and foresees a big jump in trading volumes as a result, as portfolios are restructured.

"Investors will have to change to pick up yield, so volumes will rise. Spreads will remain due to market liquidity and organisation issues, and will be constantly arbitraged like in the US market."

If, as most observers believe, a transparent and liquid euro-denominated government bond market develops, competition among the 11 sovereign issuers will increase as they seek to attract investor attention.

Since not all the participating governments are rated similarly, credit ratings and liquidity considerations will be the main factors differentiating euro-area sovereign debt, according to a recent report by Barclays Capital.

Currently, according to Patrick Couper, Euro co-ordinator for debt capital markets at Société Générale, Italy's issuing policy is concentrated on the short end of the yield curve. This will be critically important for the euro curve because of the size of the Italian bond market, he told a conference in London recently. Italy now represents more than 30 per cent of the euro curve, compared to a little more than 20 per cent for Germany and 15 to 17 per cent for France.

This is an important consideration in the battle to establish the benchmark for the euro market. There is intense rivalry between France and Germany for this honour, with many observers taking the view that the French market has set the pace on the issue.

The French bond market is perhaps the most trans-

parent in Europe, according to many bond market specialists, having incorporated all the structures - repo auctions, marketmakers, liquidity, issuing transparency, etc - needed to inspire a loyal following. "I have nothing but praise for the way the French have approached this issue," says John McNeill, government bond strategist at Sutherland, the Edinburgh stock brokers. "They have looked at the US market and learned from it, and they are very sensitive to the concerns of investors."

Benchmark status matters. Not only is it a question of national pride, but it will also mean cheaper funding costs. But could there be more than one benchmark? As Mr Couper pointed out, the size of a government's position in one area of the yield curve could dictate that. Therefore, Italy could become the benchmark in the 2-year and 5-year bond sector; Germany and France in the 10-year sector; and France in the long bond sector.

Outside the euro market, the UK gilt market will be the main alternative within Europe, and sterling will be the only significant European currency to offer diversification, which will be sought by many investors. Mr Rakotonao believes the link between sterling and the euro will be stronger than that between the dollar and the euro because the market will be betting that sterling will eventually come into the single currency.

"There will be strong convergence between the UK and European economies. The eurosterling market offers a wide range of issues that investors will not have in other European currencies," he says. And he predicts a marked improvement in the structure of the gilt market to compete with euro government bonds.

"The problem with the gilt market is that it is completely dominated by UK institutions and has not been subject to international standards. This has hampered the ability to promote gilts abroad. But the Treasury is very ready to change that. French and German investors are afraid of gilts, but that is about to change," Mr Rakotonao says.

EMERGING MARKETS BONDS • by Edward Luce

From surfeit to dearth

A steady recovery has taken place in the wake of the so-called Asian 'bloodbath'

Emerging market bonds have turned full circle over the past 12 months. For the first time ever in 1997, emerging market sovereigns borrowed more from the international bond markets than their developed country counterparts.

This time last year emerging market governments as obscure as Kazakhstan and Panama were merrily tapping the market at astonishingly competitive rates. But suddenly in late 1997 the punch bowl was removed.

"There was a problem of chronic over-supply of emerging market bonds," says Helene Williamson, chief economist at Foreign & Colonial in London. "Spreads over Treasury bonds had come into very tight levels."

The global effects of the Asian currency crisis put a stop to that. After outperforming other asset classes over the previous 18 months, emerging market bonds collectively nosedived in response to the globalisation of the Asian crisis last October.

J.P. Morgan's emerging market bond index - generally taken as a benchmark for the market - at one stage widened from an average spread of 330 basis points over US Treasury bonds to more than 800 basis points, before settling at a spread of about 600 basis points.

Some bonds - notably Russian sovereign paper and the Asian benchmarks - were worse hit than others. But in general all emerging market paper took a severe

beating. Analysts and journalists indulged in phrases like "bloodbath" and "massacre" to describe the fact that all of the gains made since the Mexican "Tequila" crisis in late 1994 had been wiped out in the space of two frenetic days.

Since the start of 1998, however, emerging market credits have made a steady recovery.

"The markets were impressed by the fact that most emerging market governments, particularly Brazil and Russia responded well to the crisis," says Richard Gray, chief emerging markets economist at Bank of America. "Governments put up interest rates, cut budget deficits and effectively stemmed the contagion."

Led by Argentina, which has made six separate offerings since the crisis last October, emerging market governments have gradually returned to the primary markets. For the most part, governments have tended to issue in non-dollar currencies to avoid the more punishing spreads on offer for bonds denominated in the greenback.

Both Argentina and Brazil have issued bonds in lira while Russia and the other two others, including Argentina (again) and Turkey, have opted for D-Marks. Argentina, by far the most innovative operator in the international bond markets, and Brazil have also made debut offerings in the euro, the future single currency of Europe.

"Most of the emerging market issues have been very well received because they prepared the ground carefully beforehand and they priced the paper at sensible spreads to compensate nervous investors," says a syndicate head at a US



Democratizing students demand government accountability for the handling of Indonesia's economic woes: emerging markets bonds took a nosedive in response to the globalisation of the Asian crisis last October

Chris Duggan/AP

investment bank.

At the same time as improving market sentiment, the J.P. Morgan EMBI index has narrowed back to a spread of about 450 basis points over Treasuries. This is considered more sensible than the bull market spreads that were offered before the Asian crisis.

In addition to the return of mainstream borrowers, the market has also been introduced to South Korea which was making its debut as a sovereign borrower in the international bond markets.

In the aftermath of the successful restructuring of \$21bn worth of short-term bank debt, Korea issued \$4bn worth of bonds in early April at spreads roughly commensurate with the level at which Mexico's

benchmark bonds are trading. The issue was four times subscribed and tightened by about 40 basis points after launch. "The Korea bond was very well received because investors recognise the fact it has taken great strides to put its house in order," says Jerome Booth, chief emerging markets economist at ANZ Investment Bank in London.

Similarly, the Philippines' \$500m 10-year offering was well received. Again, investors pointed to the country's relatively impressive record in the aftermath of the Asian currency crisis. "Investors are differentiating between the records of emerging market countries," Mr Booth added.

For that reason, Indonesia is not expected to brave the markets in the near future.

Thailand, however, is expected to issue a global sovereign bond in June.

Analysts say the arrival of Asian sovereign bonds on the international markets will add more balance to an asset class previously dominated by Latin American horrors.

Only 1.7 per cent of the EMBI index, for example, is devoted to Asian bonds - all of it Philippine Brady debt. This, and other indices, are expected to be re-weighted once Thailand, and possibly Malaysia, have followed Korea's recent example. Korea itself is planning to tap another \$5bn from the markets during the remainder of 1998.

"The addition of the Asians will provide a much more balanced group of emerging markets," says Ms

Williamson. "The market will become more sophisticated and will discriminate more between different borrowers."

The impact on Asian government borrowers is also expected to be salutary. For one, the existence of liquid sovereign benchmarks on the international capital markets will provide governments with an instant and transparent indicator of market sentiment. Such benchmarks could also provide an external discipline on governments and corporates - a role which banks have patently been unable to fulfil.

"If Asia had been a big sovereign bond issuer before the crisis last October perhaps it would have had a better early warning system," says Ms Williamson.

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EUROPEAN HIGH YIELD SECURITIES • by Simon Davies

Junk bonds are back in fashion

High yield bonds are now among the fastest growing European asset classes

European junk is back, and all appears to be forgiven for the moment. The European junk bond market became synonymous with the excesses of the late 1980s, as companies such as Isocore and Magnet collapsed under a mountain of debt, and the fledgling Swiss junk bond market ground to a halt.

But junk bonds, or high yield as bankers prefer to call them, are among the fastest growing European asset classes.

Europe is still a long way behind the US. Last year, speculative grade bonds – that is, below the credit rating of BBB- for Standard & Poor's and Baad for Moody's – in European currencies amounted to less than \$2bn, compared with a \$130bn US market.

But Rick Deutsch, high yield bond analyst at Merrill Lynch, expects European issuance to be as high as \$8bn in 1998, and it is already well over \$2bn.

It has already become an standard part of the financing armoury for investment banks and venture capitalists, funding buy-outs of EMV and Waterstones, William Hill and most probably KNP's \$1bn packaging business.

The first significant issue came last year with the DM157m offer from Gerbert in April 1997. Since then, there has been a flood of issues.

So far, the business has been dominated by a handful of US banks, who have sold themselves on the basis of access to the US high yield investor base, in addition to their expertise back home.

But even with the benefits of global distribution, it has not been plain sailing in these early stages. So far,

Merrill Lynch has had to pull one issue, for Atlantic Telecom.

And a number of bond launches have been postponed, albeit primarily because of problems getting syndication for the loan element of a buy-out financing, as with IPC, William Hill and HMV Media.

There are certainly signs that the heavy issuance in the US high yield market is dampening demand from US investors for European high yield paper.

One banker reluctantly admitted that most of the deals are still being sold to US buyers, from distressed debt specialists to traditional high yield investors.

The level of European investor demand has not grown at the pace that investment bankers had hoped. And the fact that European deals have been more highly geared than the average US deal has created further resistance.

"There is some indignation at the moment. The envelope has been pushed out a little too radically for some investors. I think that we're going to have to pursue more conservative structures," says an investment banker at a US bank.

Nonetheless, there is a lot going for the high yield market at present. Traditionally, European investors did not need high yield credit, because they had Greek, Italian and Spanish government bonds. But with the convergence of interest rates and bond yields in continental Europe, Italian government bond yields have fallen by 800 basis points – or 8 per cent – in just three years.

Investors are having to look elsewhere for yield. Moreover, there should be plenty of demand from issuers. It is estimated that there is between \$10bn and \$15bn of uninvested cash sitting in European-focused venture capital funds. This will be aggressively searching for a home, and will find deals in

tandem with leveraged loans and junk bond issues.

Besides, the performance of high yield bonds in the secondary market has been respectable so far, with no knock-on effects from the current lack of enthusiasm towards new issues.

Merrill Lynch research on the US market has the high yield market offering a mean 1.02 per cent monthly return between 1985 and 1997. That compares with 0.53 per cent for 10-year Treasuries, and it includes several years when junk bonds generated double digit negative returns and a similar default rate.

Of course, equities did much better – the Nasdaq small companies index generated a 1.43 per cent monthly return over the same period. But the volatility in equities was significantly higher.

There are plenty of cynics suggesting that after a bull market that has exceeded most market participants' greatest fantasies, geared structures are to be avoided.

"At some stage, the conditions of the last few years with falling interest rates, rising profits and rising stock market valuations, is going to come to an end," says one venture capitalist.

"When that happens, a lot of these leveraged financings are going to go very sour."

However, Pierre-Olivier Massejean, head of European high yield at Donaldson, Lufkin, Jenrette, says: "I don't see why it is written on the wall that we will have a second high yield crisis. In the 1980s, it was fuelled by some questionable issues. People were too greedy and too short-sighted."

Clearly, a higher interest rate environment would feed through into reduced cash flows and a rising default rate. Bankers are hoping that this will not happen before they can offer investors the benefits of portfolio diversification of risk, through a proliferation of bond issues.

US HIGH YIELD SECURITIES • by Tracy Corrigan in New York

Enjoying quiet prosperity

Low interest rates have resulted in investors scurrying for higher returns

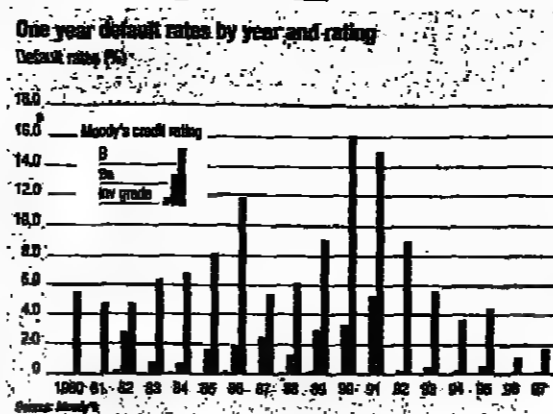
While news of mega-mergers and record levels on Wall Street continues to steal most of the headlines, the US high yield securities market is quietly prospering.

The current level of market activity is much higher than in the 1980s when high-yield or junk bonds were made famous by leveraged acquisitions such as that of RJR Nabisco.

In the first quarter of 1998, a record \$44.3bn of high yield or junk bonds was issued in the US market – more than twice the volume launched in the same period a year before, according to Securities Data, a research firm which tracks new issues.

The proportion of issuance to the Yankee market by foreign borrowers has risen to about 13 per cent of the total, double last year's rate, and outstanding bonds in the high-yield market have exceeded \$500bn, according to analysts.

"I'm hard pressed to see [issuance] continue to grow at this rate, but the heckling right now is huge," says Chad Leat, managing director and co-head of capital markets at Salomon Smith



Source: Moody's

The record volume is "driven by low interest rates, which are creating tremendous demand for fixed-income products," says Steven Ruggiero, managing director, securities research at Chase Securities.

Mr Ruggiero predicts that issuance will have beaten the 1996 total by the end of May, given the issues already in the calendar, but he also believes the pace of the first quarter will be hard to sustain.

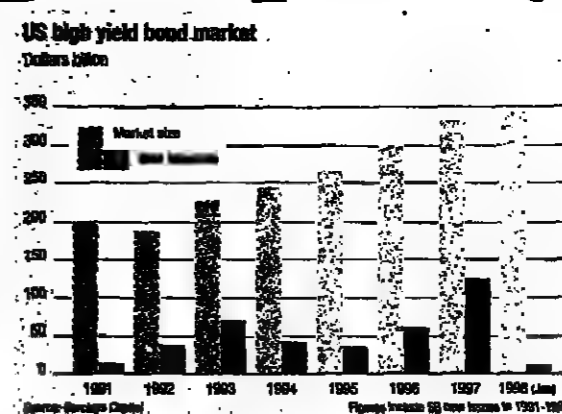
Low interest rates have encouraged company's to lock in relatively cheap financing, while on the other side of the equation, investors have been forced to look for higher returns than are offered by US Treasury or mainstream corporate bonds.

Moreover, although junk

bonds are issued by companies with weaker credit ratings, the strength of the US economy has led to a decline in the default rate for junk bonds.

Investor interest has also been driven by the strong performance of high-yield bonds. According to Chase, the CSI High Yield Index returned 12.5 per cent last year, outperforming both the 10-year Treasury, which returned 11.5 per cent, and investment grade corporate bonds – the Merrill Lynch Corporate Master returned 10.4 per cent.

However, the sector underperformed both emerging market bonds and US equities – the JP Morgan Emerging Market Bond Index returned 21.2 per cent and the S&P 500 Index 33.4 per cent. But for US bond investors, high yield securi-



Source: Securities Data

ties are viewed as an obvious alternative to investment grade bonds.

Mr Leat says there has been strong buying by high-yield mutual funds, for example. He added that investors' appetite for unusual structures, such as zero-coupon high yield bonds and mezzanine – lower ranking debt – bond has grown, as investors become hungry for yield. The size of individual deals has also been increasing.

The performance of high-yield bonds has been enhanced by the fact that many companies have been repurchasing their outstanding high-yield bonds. So far this year, the value of such tender offers has been running at three times last year's level, analysts say.

The low default rate recently has helped to reduce the market's volatility. The default rate is now less than 1 per cent annually, according to Mr Ruggiero, compared with levels of around 15 per cent in 1980, which coincided with a period of weakness in the domestic economy.

However, there have been several defaults recently in the wireless cable sector, according to analysts. A series of wireless cable companies will need to restructure, Mr Ruggiero says, because they were not generating sufficient revenues to pay interest.

This does not seem to have caused investors any broader concern. Given the low level of defaults generally, and low US interest

rates, investors are still keen to "go for the big coupons and big returns," says one analyst.

Meanwhile, competition for underwriting high yield securities is becoming increasingly fierce, partly because of the entrance into the market of relative newcomers such as Chase, which ranks sixth in Securities Data's league table for the first quarter.

However, increasing competition resulted in a decline in underwriting margins last year to 1.77 percentage points from 2.31 points at the end of 1996.

Still, heavy underwriting volume means the sector remains extremely profitable. According to one Wall Street headhunter, departments involved in "high yield financings are practically at budget [for the year] already. It has been an exceptionally active first quarter."

What could derail the high-yield market? The market is undoubtedly sensitive to higher interest rates or to a weaker stock market. According to analysts, the performance of the sector has been highly correlated to the stock market, but so far nervousness that the stock market may be overvalued has simply increased enthusiasm for high yield bonds.

While it would be hurt by any big market correction, analysts say they hope that the extremes of volatility seen in the past will no longer occur, given the market's greater size and depth.

Total return (%) by rating category 1985-1997

Rating	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	Average
BB	12.2	2.2	22.4	14.5	18.8	-2.2	22.5	8.0	13.0	12.1				
B	0.8	-8.9	28.4	18.1	17.4	-0.2	18.2	12.7	12.7	12.7				
CCC/CCC	-12.5	-18.9	81.2	28.0	22.8	1.8	8.9	10.8	14.0	12.8				
Mezzanine Index	4.2	-4.4	84.8	18.2	17.2	-1.2	18.9	11.1	12.8	12.5				

Source: Merrill Lynch & Co

Returns on selected asset categories, 1985-1997

	Three-month Treasury bill	Two-year Treasury	Mortgage-backed	High grade corporate	High yield	Mezzanine	S&P 500
Average monthly return (%)	0.80	0.83	0.83	0.89	1.02	1.43	1.48
Standard deviation	0.19	1.32	2.28	1.38	1.88	3.31	4.27
Sharpe ratio	N/A	0.25	0.15	0.28	0.54	0.17	0.23

Source: Merrill Lynch & Co
* All figures are annualized returns
† Total return values are on 31-day Treasury bills quoted by the Standard & Poor's

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GREENWICH NATWEST

FUTURES • by Samer Iskandar

Battle moves to new ground

As Liffe embraces electronic trading, the race for market share changes direction

The decision in March by the London International Financial Futures and Options Exchange to adopt electronic trading has lifted one of the main uncertainties weighing on the European derivatives landscape.

It is now all but certain that the continent's most actively traded contracts will be listed on one or more electronic platforms by the end of next year.

Liffe's decision also shifted the battle for market share on to a new ground. The typical open outcry-versus-electronic trading debate has now turned to Frankfurt-versus-London as Europe's future financial capital.

With the Frankfurt-based Deutsche Terminbörse stealing the lead from Liffe in

long-term German bond trading, observers predict the next battle will be for the dominance of short-term interest rate futures (STIRs). Liffe still dominates this segment of the market, with a quasi-monopoly on the three-month D-Mark future, which is seen as the strongest candidate to become the reference contract for the planned single currency - the euro.

The London-based exchange is also hoping its lead in STIRs will be reinforced by the recent decision to launch a contract on three-month interest rates on the euro. Liffe is betting that the new futures and options will become EU-wide benchmarks. Its existing contracts on the Ecu, the basket of European currencies, will automatically merge into the Euro contracts after the introduction of the single currency next January.

With the Frankfurt-based Deutsche Terminbörse stealing the lead from Liffe in

Existing futures and options on German and Italian interest rates will also converge towards the euro contract, provided both currencies are founding members of economic and monetary union. The conversion of these contracts, however, will be less straightforward because they will require some rounding.

The DTF's chances of competing against Liffe in the STIR segment will depend on several factors.

First, the German exchange will have to decide whether to create a new range of euro-denominated products or change the denomination of its existing D-Mark contracts once the exchange rate of the D-Mark against the euro is fixed.

Second, the DTF will have to choose a reference rate against which its products will be settled. Liffe has already opted for the London Interbank Offered Rate - Libor - compiled by the British Bankers Association.



Traders outside Liffe: the decision to adopt electronic trading has lifted one of the main sources of uncertainty weighing on the derivatives landscape

Bryan Cox

Liffe's existing contracts on the Ecu, D-Mark and Italian lira are all based on the BBA's respective Libor rates for these currencies.

Unlike Liffe, which has to avoid shocks that could unsettle its well-established contracts from their leading positions, DTF can afford to take risks. With an almost negligible share of the three-month euro-mark market, it has a lot to gain and little to lose by introducing radical changes to the product's characteristics.

The DTF might be tempted to differentiate its contract from Liffe's, for

example, by using a different benchmark such as Euribor - the pan-European reference rate advocated by the European Banking Federation and the Association Camille Internationale, a foreign exchange trade group.

Matif, the French derivatives exchange operated by SEF-Paris Bourse, has already chosen to peg its Fibor three-month future to Euribor from next January. Choosing the same benchmark would allow the DTF to pool its resources and customer base with Matif.

Such a strategy would also help to reinforce links

between the two exchanges, which are planning to offer their contracts on a single electronic trading platform from next year, as part of a co-operation agreement called Euro Alliance.

However, choosing Euribor as a reference could be risky. Bankers in London are sceptical about Euribor's chances of imposing itself as a benchmark, in spite of the French - and, to a lesser extent, German - political determination to make European banks adopt it.

Analysts are predicting that Euribor will on average be higher than Euro Libor

by a few basis points. This is due to the presence of banks with low credit ratings in the sample of roughly 60 contributors. Euro Libor, in contrast, will reflect the best rate available to the highest quality of borrowers.

The outcome of the expected battle over STIRs will also be determined by trading costs. The DTF's dominance of the bund contract was made possible mainly by the exchange's cheaper electronic platform, which allowed it to charge users lower fees than Liffe.

Liffe believes that traders of short-term interest rate

contracts are less sensitive to cost. The success of its STIRs, Liffe claims, is attributable to the open outcry floor trading method, which makes it easier to implement complicated trades combining a wider range of maturities.

But Liffe, which says its planned electronic platform will be "capable" of trading all its products, still has to decide whether it will shift STIRs on to the system. After a series of tough decisions in recent weeks, this remaining choice might yet prove one of the exchange's biggest challenges.

DERIVATIVES • by Samer Iskandar

The search for growth

The battle over a benchmark rate is crucial to London's financial future

With European economic and monetary union all but certain to go ahead with 11 members from next January, derivatives experts are scrambling to find the next growth area.

The removal of up to 11 national currencies and the convergence of interest rates and bond yields of participating countries will reduce hedging needs substantially. This is likely to result in lower trading volumes on some of the most actively traded derivatives.

Emu also raises questions about the continuity of existing contracts based on currencies that are about to disappear.

While currency swaps are likely to decline dramatically, interest rate swaps should become a larger, more integrated and more efficient market. The development of this sector, however, is conditional on the adoption of a widely-recognised benchmark for short-term interest rates.

Two rival groups, the British Bankers Association and the European Banking Federation and the Association Camille Internationale (representing the foreign exchange business), are fighting over which reference rate should be used - Euro Libor and Euribor, respectively.

In private, a large number of participants active in the swaps market admit their preference for Euro Libor, which makes the transition for existing long-term contracts less uncertain.

However, continental European banks, French banks in particular, are being encouraged by the monetary authorities to favour the Euribor rate.

The battle between Libor and Euribor will determine whether London remains Europe's financial capital, or if this status shifts to the continent, says Michel Péré, global head of derivatives at Paribas.

The main differences between the two rates stem from the choice of participating banks. The Euribor index will be an average of rates quoted by some 60 banks from every EU country, as well as a handful of overseas banks.

The Euro Libor rate will be compiled and published by the British Bankers Association in the same manner as Libor rates on existing currencies. The Libor rates are averages of between eight and 16 lending rates, representing only the most creditworthy banks.

"To get 60 banks in a sample, you have to go down the credit curve," says one banker in London. "You are no longer talking of the best rate available to the best borrowers."

Proponents of Euro Libor also claim the index will make for an easier transition from national Libor rates on

existing contracts that mature after Emu. Most outstanding interest rate swaps are based on Libor rates.

In practice, the swaps market in euros is still in its early days, with few active participants. Because the exact composition of the single currency is not yet known, existing swap agreements have been designed with forward starting dates of January 1999 or later.

"We may well see split allegiances for some time, but the market is bound to converge on one benchmark eventually," says Paul Dwyer, head of fixed income for Europe at Morgan Stanley Dean Witter.

Analysts also predict that other markets will develop after the euro's introduction. Growth in currency swaps between the euro and the dollar, for example, is likely to pick up.

As the Emu area expands, some existing segments of the interest rate swaps market should see increased activity. This is already the case with the Greek drachma, where swaps have become more liquid since Greece joined the Exchange Rate Mechanism in March, in anticipation of Emu participation.

"We are seeing the emergence of new swaps business in eastern European currencies, on the back of the expected continuation of the convergence process," says Frédéric Jambon, global head of interest rate derivatives at Paribas.

Other promising sectors include equity derivatives, which should benefit from the introduction of pension funds in countries such as France. "Pension fund investors who will be exposed to equities for the first time, will want savings vehicles with guaranteed returns," says one French banker. "This is where derivatives have a role to play. The growth momentum is very strong in equity derivatives."

Appetite for emerging market investment, which is making a come-back after the Asian crisis, should also bring about innovations. As one US banker says: "People got burned in the emerging markets. They want to get back in, but this time round they will not get involved without decent protection."

The Asian crisis has also highlighted the importance of credit derivatives, a small but fast-growing market. As the number of defaults by Asian borrowers increased, investors realised that managing default risk was becoming as important as calculating currency and market risk. "Credit derivatives are one of the next growth areas," says Mark Rodriguez, head of the global risk management practice at American Management Systems, the information technology consultants.

A recent survey published by Risk, the financial risk management magazine, estimates the credit derivatives market at \$18bn and predicts it could grow to as much as \$2,000bn by 2000 in terms of underlying amount.

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8 INTERNATIONAL CAPITAL MARKETS

ASIAN BOND MARKETS • by John Ridding in Hong Kong

A way out of the crisis

Lack of long-term funding played a big part in causing the region's troubles

Amid the upheaval of Asia's financial crisis, one lesson seems clear.

"The only way out is to mobilise private sector resources," says Donald Tsang, Hong Kong's financial secretary. "We need to develop a deep and liquid bond market in the region."

While officials, economists and fund managers are divided over regional issues ranging from recovery prospects to the role of the IMF, all agree that the lack of efficient long-term funding has played a big part in the region's crisis and must be remedied to prevent a repeat.

Encouraging signs are emerging. Both Hong Kong and Singapore are taking steps to develop the institutions and market infrastructure required for bond market development.

But the crisis which the measures are intended to address could itself complicate progress, and the foundations for the industry are surprisingly shallow.

While the capitalisation of the US bond market is substantially in excess of US gross domestic product, the bond markets in east Asia's developed economies average about 30 per cent of GDP

according to World Bank statistics.

Liquidity ratios for bond markets in the region – the average daily turnover as a percentage of outstanding bonds – is less than one for most economies.

That partly reflects the fact that much of the domestic bond market that does exist is effectively comprised of short-term syndicated loans, where the banking syndicate buys the debt and holds it to maturity.

This gap in financial markets is easy to explain. Most governments have avoided funding development through fiscal deficits and have felt little pressure to issue bonds.

On the corporate side, ready access to bank loans and, more recently, surging equity markets have provided easy and relatively cheap capital.

The results are now equally clear. The high levels of short-term debt and a hazardous maturity mismatch between borrowing and revenue has pushed many regional companies to the wall.

Although it was the combination of devaluation and US dollar debts that proved fatal for many of the corporate casualties, the reliance on bank funding was already excessive.

"Asia's need for capital outpaced the ability of its markets to intermediate capital flows and it has been left too dependent on short-term

bank borrowing," says Kevan Watts, chief operating officer of Merrill Lynch Asia Pacific.

"With deeper bond markets there would have been greater diversification of funding and much less risky alternatives," adds a director from another Hong Kong investment bank.

For the moment the very turmoil which has highlighted the need for bond market development has led to a hiatus in activity. With yields surging and ratings falling to junk bond status, issuers are being forced to bide their time.

But once stability is restored most expect a swift return to the fray, with Korea expected to lead the way in terms of size and timing.

"Obviously it won't be an easy sell," says the head of fixed income at one European bank. "But this has had a sobering effect on regional governments and they will probably be realistic about the terms of issue."

In addition to short-term preparations, more fundamental reforms are afoot. Hong Kong has launched a Mortgage Corporation which will buy and securitise housing loans from banks.

In conjunction with the planned launch of its Mandatory Provident Fund, a compulsory pension scheme, this will help to develop supply and demand for fixed income securities.

The territory has already



Donald Tsang, Hong Kong's financial secretary: "The only way out is to mobilise private sector resources"

been seeking to foster a bond market through government issues and the development of a yield curve – a government benchmark against which corporate bonds can be priced.

Maturities for exchange fund bills, effectively treasury bonds, now extend up to 10 years.

Eager to sharpen its competitive edge as a financial centre, and with the aim of narrowing the gap with Hong Kong, Singapore has recently announced its own package of deregulation

measures. Although the initiatives cover a broad range of businesses, the development of a bond market is among the goals.

Lee Hsien Loong, deputy prime minister, said in February that the government had accepted almost all the ideas suggested by a committee of bankers aimed at boosting the island state's financial services industry.

He said the government would place a greater proportion of public reserves with private funds and

would issue longer-term debt to allow benchmarking for corporate issues.

The financial committee also proposed that pension funds should invest in bonds and that banks or companies with government backing should issue debt.

Most in the industry believes Hong Kong has an edge in the competition to build a role as a regional bond centre. It already has several quasi-government institutions issuing bonds, including the Mass Transit

Railway Corporation, and has a broader and deeper infrastructure in support businesses.

"Hong Kong is the main banking centre outside Japan, and it also has the back-up services in law and accountancy which you would need to expand the bond market," says the head of treasury at one investment bank.

"It also has a deeper market for interest-rate swaps and a transparent derivatives regime, which are useful auxiliaries for a bond market."

With north-east Asia and the members of Asean all lacking long-term fixed income funding, however, there may well be room for several bond trading and institution centres. There is certainly a need.

"Frankly, in terms of regional prospects it doesn't matter where the trading centres develop," says one Asian finance official. "What matters is that we mobilise our high savings rates and channel them through more efficient and safer instruments."

JAPAN • Gillian Tett in Tokyo

No longer a Cinderella

Big changes are afoot as the barriers to expansion are brought down

Japan's capital markets have long appeared to be the Cinderella of the country's financial world. In a country with seven of the world's largest 10 banks, Japan's capital markets have traditionally taken second place to the giant banking industry.

But a dramatic change is afoot. Over the past year the corporate bond market has surged: preliminary estimates calculate that straight corporate bond issues reached a record ¥8,700bn in fiscal 1997, 84 per cent higher than the previous year.

With Japan's total government and non-government bond market now worth an estimated ¥80,000bn, hopes are rising that the surge will continue. As Stuart Baker, managing director with Barclays Capital in Tokyo says: "There has been an enormous pick up in corporate issuance in the last year."

"It is quite clear to us that the market is going to continue to grow rapidly."

That corporate surge reflects both short and long-term shifts in the Japanese market. In recent months, the country's big

banks have been trimming their lending, as a result of their mounting financial problems.

With their capital bases shrinking, banks have been forced to cut assets to meet international capital adequacy standards for the fiscal year ending March 31. In the year to March, for example, banks loans fell 1.8 per cent – the biggest fall seen this decade.

This reduction has left many companies facing a cash squeeze. The government has tried to help smaller companies by pledging ¥23,000bn worth of new loans from government financial institutions. The squeeze, however, has encouraged many larger companies to turn to the capital markets.

Earlier this year Mitsubishi Heavy Industries, for example, issued ¥100bn straight bonds for the first time in six years, saying that bank lending has failed to meet its credit needs. Toyota, the car group, recently floated a ¥200bn issue – the largest straight corporate bond issue ever made in Japan.

The surge also reflects longer term changes in Japan's economy. As the country's population ages, the government is making a determined effort to stimulate the capital markets as part of a broader package of financial reforms.

This initiative is of critical importance because

Japan is highly inefficient at allocating capital. The reason for this is that the financial system set up after the second world war was primarily aimed at converting the country's vast savings into cheap loans to support industrial growth, via the banks.

Capital markets were consequently poorly developed, compared to those of other western countries.

This system helped build Japan's industrial machine. But it is coming under growing strain: with Japan's ageing population, it needs higher returns than those being offered by Japanese banks, which dominate the savings market.

To address this, the government has drawn up a wide-ranging programme of financial deregulation, dubbed "Big Bang" after the reforms that took place in London in 1986.

The programme does not explicitly aim to clip the wings of the banks but this is widely understood to be an implicit goal.

As Yoshiaki Kaneko, senior managing director of the Tokyo Stock Exchange says: "Japan's economy is currently based around indirect financing (from banks). But in future direct financing (through the capital markets) will prevail."

In line with this goal, "Big Bang" includes reforms designed to inject more freedom into the capital markets. During fiscal

1998, for example, non-bank financial institutions will be allowed to issue straight bonds and commercial paper for the first time. Japan's fast growing consumer finance groups, such as Tokai-Mitsubishi, are expected to be among the first groups to leap at the chance.

In fiscal 1999 all banks will be permitted to issue bonds as well (at present the right is generally limited to long-term credit banks.) Meanwhile, as a host of industry barriers are removed, it will become easier for banks to enter the securities dealing business through subsidiaries.

This is likely to spur new competition: since banks were permitted to enter the bond underwriting market four years ago some groups, such as Industrial Bank of Japan, have become serious competitors to the Japanese brokers.

Greater innovation will also be encouraged by the removal of some restrictions on products, such as advanced form of derivatives. A broader range of investment trusts will be permitted, in an effort to stimulate consumer appetite for securities investments.

Meanwhile, efforts are being made to expand Japan's under-developed securitisation market, by making it easier to establish special purpose companies.

Although the securitisation market is a mere ¥5,000bn, many observers

are predicting that it will rise sharply – particularly since the financial pressures on the banks are encouraging some to securitise their assets.

As David Atkinson of the US investment bank Goldman Sachs says: "Japanese financial markets are inefficient because banks have fantastic quantities of assets on their balance sheets at incredibly low spreads which belong in the capital markets. This needs to change."

How quickly such a shift will occur remains unclear – not least because problems still hamper Japan's efforts to create a truly efficient capital market.

It does not yet have the legal system to support a massive securitisation wave. The short-term government bond markets remain relatively underdeveloped. The prefectural bond market continues to be hampered by the fact that different government regions are still forced to issue bonds at identical rates.

Meanwhile, the tax system is a distinct deterrent to foreign investors: Japan is unique in the Group of Seven in imposing a withholding tax which penalises non-residents who wish to trade.

Nevertheless, in spite of these problems, the upward trend is clear. "In the next few years we think this market will really take off," argues Mr Baker, who is expanding his team in Tokyo in anticipation of the changes. "It is a very exciting time."



Encouraging signs: along with Singapore, Hong Kong is taking steps to develop the institutions and market infrastructure required for bond market development



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RECRUITMENT



RICHARD DONKIN

Flexforce of the future

The UK employment and education system should adapt to changes in work patterns

It could have been a typical mothers' coffee morning on a typical and fairly new middle-class housing estate in Bedford in England. Except that Irene, Sam, Sue, Elva and Lindy were there to discuss work.

If they had been meeting in an office instead of a living room you would have called it a department. But their desks and terminals are scattered around bedrooms and box rooms. They don't have a manager but manage the work themselves depending on their availability and desire to do it.

If there is too much work, they find someone else to swell the team. There is someone who commissions the work. It comes in chunks - projects - some regular and some ad hoc. The most important point is that the work gets done.

Graeme Lewis, UK sales director at Adecco Alfred Marks, the recruitment agency, refers to the team as the Bedford "flexforce". They handle most of the sales data work for Adecco's 280 branches throughout the

UK. It could be said that Mr Lewis created the group but it would probably be more accurate to say that it evolved from a need.

He needed data on potential clients to feed through to branches and, rather than requesting a departmental budget, he tapped into the network of mothers whom his wife met on her school runs. Most of the team live on the same Bedford estate. Some were given training on the computer system. Some sought out their own training. They fix their own hours with no obligation between either party. "With more and more similar projects starting up this seems to be the natural progression for the working approach of the future," says Mr Lewis.

But can there be any natural progression towards different kinds of working without a fundamental overhaul of the structures that underpin existing systems of employment? The flexforce is the kind of development that has convinced the Royal Society

for the Arts that changes in the nature of work are happening, but that change is being impeded by outmoded assumptions and what it claims is a "19th century" education system.

The RSA's report, published this week after its two-year Redefining Work project, not only challenges traditional assumptions but calls for a dismantling of an employment and education system which, it says, supports a conventional model of working life.

This is the "40/40 job", which assumes that people work 40 hours a week for 40 years. The model, which stems from the growth in the 1930s of public administration and mass production in factories, continues to determine how work is described.

"People who work less than 40 hours are 'part-timers' - something less than whole," says the report. "It remains the model of preference for mortgage providers looking for 'quality lending'. It is the basis of most pension schemes, public and private: a 'full pension' is what you earn through 40 years' work."

Some academics have argued that permanent jobs remain at the core of employment and that the rate of change has been exaggerated. Valerie Bayliss, the project director, rejects their conclusions. "What I have found, almost without exception, is that pieces of work saying things haven't changed are coming from academic labour economists who have looked at the same set of figures," she says.

Such analysis, she says, ignores the large rate of change at the margin suggested by the growth in short-term contracts and predominance of part-time employment among newly created jobs.

The report says UK schools are preparing children for a world that is fast disappearing

"When you look at these changes and recognise that people are entering the labour force later and leaving it earlier and you look also at the changes in social attitudes, it is hard to argue that things have not been changing significantly."

It may be, of course, that the way we work needs to change more quickly than we have been willing to accept in the past. How can we be willing to change when our mortgages have to

be maintained? How can we shorten our working lives when the size of our pensions can often depend on the size of our final salary and years of sustained contributions?

Ms Bayliss believes that financial institutions are beginning to address such problems. "When we started talking to companies in the financial sector at the beginning of the project they were still rooted in the idea that unemployment might be something that happened once in your life between jobs. I can see signs that the sector is now thinking much more deeply about this, aided by the new government which is also showing signs of understanding what is happening in the world of work."

But is structural change happening swiftly enough? One area of the report likely to provoke some controversy is a section that calls for a "radical reappraisal" of the education system. The report suggests the creation of a learning institute to inform the education system of the skills and behaviours expected in employment and to devise ways of developing such skills in schools. At present, it says, schools are preparing children for a world that is fast disappearing. School premises could meet demands for lifelong learning, says the RSA, by changing into "community learning centres" to better exploit their assets.

In addition to the fundamentals of literacy and numeracy, the report calls for greater tuition of "life skills" and financial literacy. That said, the curriculum would probably not have the capacity to include a course on filling in tax forms.

It also suggests there will be new employment market opportunities for "career management services" or super agencies to handle the progression of people from one project to the next, not simply handling the placement but also looking after pension provision, social insurance and possibly mortgage finance.

There may be those who continue to argue that the way we work is changing less fundamentally than the RSA would suggest, but the thrust of the report is that work systems need to change and systems that support working lives must change with them to allow people to recover balance in their lives. The report set out to devise a policy agenda - a framework for comprehensive change. In that it has succeeded. The question now is whether the debate can be carried further in recognition that groups such as the Bedford flexforce will soon be as common to working life as the factory at the end of the street once was.

"The RSA Redefining Work Report, £25, from Lesley James tel 44 171 930 5115"

richard.donkin@FT.com



WORKING BRIEFS

Feng Shui, fountains and the art of a tidy office

Does it matter where you stick the office pot plant? Very much so, if you believe Office Angels, the UK recruitment consultant that is planning seminars on Feng Shui for human resources professionals.

Feng Shui, the ancient Chinese art of determining the best design or layout to ensure harmony, is creeping into the office, where followers believe it can improve workers' health.

The idea seems to be that you put most things in the bin. Feng Shui people have clean desks, store little away and sit with their backs to the walls so they can see the door. They also like fountains in the office, have red and yellow flowers on their desks and prefer pictures of work-related goals to those of their children.

Sarah El-Doori 44 181 741 4000

In demand

More than half the demand for senior executives across Europe in 1997 was to fill new positions, according to the Association of Executive Search Consultants, Europe.

The UK had the greatest number of searches - 18 per cent of the total, compared with 15 per cent in Germany, 14 per cent in France, 15 per cent in southern Europe and 12 per cent in eastern Europe. Searches for board directors increased by 142 per cent. The most sought-after people were in marketing, sales and public relations, which comprised 40 per cent, with financial services comprising 25 per cent.

Figures from the US found that the number of searches there had increased by 18 per cent year on year. *Sahne Hansel 32 27 740612*

Employee shares

UK companies with large employee shareholdings outperformed the FTSE All-Share Index by 5 per cent in the first quarter of 1998, according to the Capital Strategies' UK Employee Ownership Index. This tracks the share performance of 38 publicly quoted companies where employees own at least 10 per cent of the share capital. The US Index, maintained by American Capital Strategies, also continued to outperform. Capital Strategies says nearly half the UK companies floated in 1997 had an employee share scheme. *Sarah Anderson 44 171 256 8000*

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London - New York - Paris - Amsterdam - Frankfurt - Milan - Madrid - Hong Kong - Singapore - Sydney

CASH MANAGEMENT – SENIOR BUSINESS DEVELOPMENT MANAGER

BUILDING OPPORTUNITY IN LEADING INTERNATIONAL BANK

LONDON

c. \$55-60,000 PACKAGE

- Leading UK-based international bank offering a broad range of banking products and services through a well-established global network. Marketing strategy focused on key multinationals with substantial trade and investment flows, especially in emerging and developing markets.

- As a result of a new strategic initiative, a dedicated cash management team is being established to focus on the UK and European marketplace. A senior business developer is sought to lead this initiative with specific responsibility for further developing and managing a select portfolio of corporate clients.

- Working in conjunction with the bank's senior corporate relationship managers, the individual will play a lead role in defining and implementing the cash

management strategy for the region and ensure that revenue and profitability targets are achieved.

- Strong academic background combined with at least four years cash management sales experience in a first class financial institution. Proven track record in client management and aggressive sales/origination abilities.

- Excellent all round communication skills with a team-oriented, collaborative style and good relationship building skills. Ability and stature to operate effectively at the most senior levels both internally and externally are crucial.

- Future career prospects within the Bank are excellent for a proactive self-starter with initiative, ambition and drive.

Please apply in writing quoting reference 1650 with full current and salary details to: The Cash Management Team, Whitehead Selection, 11 Bell Street, London W1X 8BB. Tel: 0171 290 2054. Fax: 0171 290 2050. www.whitehead.co.uk/whitehead

Whitehead
SELECTION

A Division of Whitehead James Ltd.
A Whitehead Group PLC company

Senior Treasury Manager

LEADING FINANCIAL SERVICES GROUP

c. £70,000 + Package

UK Based

Our client is one of the largest listed Financial Services Groups with five million customers worldwide, and over 10,000 employees. Having completed a high profile and successful flotation it is now moving on to the next stage of its evolution with a constant desire to strengthen its management structure. As part of this process it wishes to appoint a Senior Treasury Manager of the highest calibre. Reporting to the Group Treasurer, this new role will operate both at a corporate level and across all divisions of the business. Responsibilities will include:

- Financial structure, cost of capital and capital allocation across the group.
- Financial risk management including the application of Value at Risk techniques.

- Exposure management including FX, interest rate and counterparty credit risk management.
- Funding strategy and liquidity management.

Candidates will have a first class academic background, hold an accountancy, MBA, or treasury qualification and will be outstanding treasury professionals with at least five years' relevant experience gained in quality blue chip corporates, consulting or banking environments. They should display drive and initiative in managing change, be able to demonstrate strong commercial and analytical abilities and will require interpersonal skills commensurate with a position of this importance.

This represents a unique opportunity to join a dynamic environment in a position of significant importance and responsibility.

To apply, please send your CV with 3 references, including daytime telephone number and current salary details, to Harvey Nash plc, 15 Euston Street, London W1X 7AH. Tel: 0171 323 7433. Fax: 0171 323 0032. Please quote reference number: HNF326FT. Tel: 0171 323 7433. www.hn.com/harvey_nash

HARVEY NASH

FINANCE



THE MINARET GROUP

The Minaret Group was founded in July 1997. Since then it has attracted over 120 top professionals from international financial institutions around the world and opened five offices in Central Asia. From its headquarters in Azerbaijan, Minaret is consolidating its position as a unique pan-regional investment bank combining western expertise with local know-how. Due to increased demand from investors into this dynamic and exciting region, the bank is looking to add staff throughout its network of offices.

Director of Research – Baku, Azerbaijan

The Director of Research will be a senior manager within the Group with responsibility for building and managing the research team, which will provide pioneering research from this rapidly emerging market. S/he will have an innovative approach to developing research products and the ability to play a key role in bringing equity and fixed income opportunities to clients. The ideal candidate will see this as a natural progression to their previous experience in emerging markets research. In addition to relevant experience they will have the ability to build, manage, and motivate a team and excellent communication, interpersonal and marketing skills.

Managing Director – Ashgabad, Turkmenistan

The Turkmenistan office of the Group is ideally positioned to become a major player in capital raising for the gas and energy sector. The Managing Director will develop this business and manage the local team. S/he will have gained experience in a corporate finance environment within a bank or a financial institution with previous exposure to the CIS, preferably Central Asia. The ideal person will have an entrepreneurial approach to building and developing a business and the ability to operate in this new market. An attractive expatriate package will be offered to the right candidate.

Corporate Lawyer – Baku, Azerbaijan

The Corporate Lawyer will be a key player in the Group with responsibility for assisting the Group's offices with their legal requirements as well as transaction-related work. The Corporate Lawyer will work with corporate law, project and corporate finance mandates and co-ordinate all securities related legal work. Ideally, the Lawyer will have experience in banking sector work in the CIS and the ability to work under pressure on a wide variety of mandates.

Back Office Manager – Baku, Azerbaijan

The Back Office Manager will be a self-starter responsible for setting up the Operations Department which will support the trading function. S/he will build and manage a team of both expatriate and local staff. This exciting opportunity will allow the Back Office Manager to grow and develop alongside a fledgling securities industry. Ideally, s/he will be able to design and implement systems strategy, understand the regulatory environment and possess a good understanding of the settlement risk in these markets. The successful candidate will be expected to work with equities, fixed income and foreign exchange.

The group is also interested in hearing from potential candidates from other sectors within the financial community as it is rapidly expanding in all areas. The group offers highly competitive packages for those with a proven commitment to the region. Please contact our Consultant, Ms Tanu Oksman-Ison for a confidential discussion. Email: tanu@principal-search.co.uk

Principal Search
Emerging Europe Limited

75 Cannon Street
London EC4N 5BN
Tel: 0171 556 7040
Fax: 0171 556 7569

Stockton Re RISK ANALYST

CITY

£ EXCELLENT

Stockton Representatives Ltd is part of Stockton Reinsurance Limited, a Bermuda based insurer. The company has built a reputation as being one of the pre-eminent insurers and reinsurers of specialty risks including traditional and finite products. The success of the firm has been down to fundamental principles of reviewing submissions extensively and subjecting them to rigorous actuarial analysis.

The development within the London office has now reached a critical stage, prompting the need to make a key appointment, of a Financial Risk Analyst.

The role will involve all aspects of risk analysis on new business submissions and

requires an individual who is highly adept and experienced in assimilating information. The appointee would also be involved in assisting in the marketing and development of business. Working closely with the Senior Management, you will be responsible for developing the London office's presence and will liaise closely with Head Office in Bermuda.

Candidates will have a first class academic background, ideally with a mathematical or statistical degree or Actuarial training and will be seeking the ability to develop at a fast pace in a growing specialist environment and will have at least five years' experience in this sphere.

This is an outstanding opportunity and will be suited to high calibre individuals who are able to demonstrate the capacity to present information clearly and concisely.

Interested candidates should forward their Curriculum Vitae together with salary details to David Chancellor at Robert Walters Associates, 10 Bedford Street, London WC2E 9BE. Tel: 0171 379 3333 Fax: 0171 915 8714.

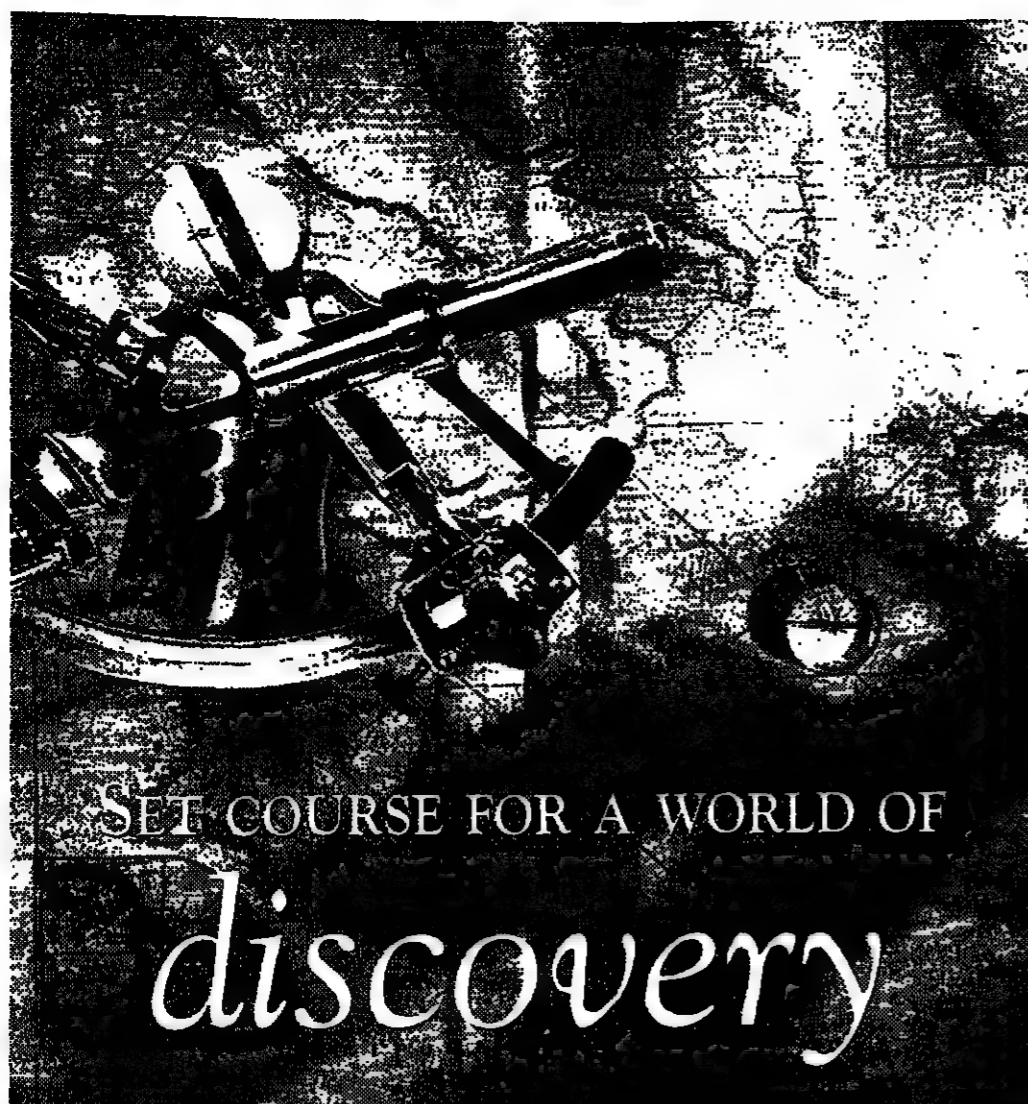
Email: david.chancellor@robertwalters.com
Web: <http://www.robertwalters.com>

You may also apply via http://taps.com/Robert_Walters quoting reference RW75.

ROBERT WALTERS ASSOCIATES



LONDON - NEW YORK - AMSTERDAM - BRUSSELS - FRANKFURT - NEW YORK - HONG KONG - SYDNEY - MELBOURNE - RICHMOND - WELLINGTON - AUCKLAND - JOHANNESBURG



GRADUATE OPPORTUNITIES

LONDON AND OVERSEAS £25K + BENEFITS

Your choice of graduate training programme will depend on many factors. You will be looking for a direction which holds real promise for the future, in terms of the company's international standing, the rewarding careers it can offer, and its track record of developing individuals. And one thing is certain: the right decision now will open up the world.

Baring Asset Management, part of the highly successful ING Group, is a global fund management organisation providing outstanding service to clients. Our client portfolio includes governments, pension funds, major corporations, charities and private individuals. Our network spans the globe, from San Francisco to Sydney, Toronto to Tokyo. Our legacy of expertise, dedication and close teamwork enables us to manage effectively, efficiently and profitably US\$40 billion of assets worldwide.

On entering into this high-profile, international business arena, you will join our impressive modular graduate training programme in mid-September 1998. You will have chosen from a number of generalist or specialist alternatives leading to fast track careers and exciting management roles in investment, IT or financial services. Your training will be supported by an individual mentor, and will see you taking early, hands-on responsibility at offices both at home and abroad. You will also be encouraged to gain professional qualifications.

Whichever the route you choose, however, the starting point will be your obvious tenacity and determination to succeed. The minimum qualifications for interview are 24 UCAS points and a First or Upper Second in Accounting, Business Studies, Computer Science, Economics or closely related disciplines. Languages would be a further advantage.

Discover that there is more to your future by contacting the Recruitment Services for a Graduate Brochure and application form (quoting ref 106FT1) by 26 June on 0990 199524 or fax 0171 608 7788. Alternatively, send a postcard to Baring Asset Management, ATS, PO Box 788, London EC1M 4LA, or e-mail Baring@advancedtele.com giving your full name and address. Application forms to be returned by 10 July 1998.



Baring Asset Management
Member of ING Group

BEAR STEARNS

Outstanding opportunities for ambitious individuals in European investment banking

City

Bear Stearns is one of the longest established and most prestigious investment banks on Wall Street. Its Investment Banking Division is involved in all facets of debt and equity financing and underwriting, and mergers and acquisitions. The bank is now expanding its European investment banking business through its highly successful and focused industrial specialisations, including telecommunications, media and pharmaceuticals. Exciting opportunities exist within the industry sector and product teams for talented individuals at Vice President and Associate level.

Vice Presidents

The Vice Presidents now sought will assist in originating, managing and driving the execution of a broad range of transactions on a pan-European basis, covering strategic advisory, M&A, high yield finance and equity financing. Providing industry and product expertise, they will identify and win new business, ensure the delivery of an outstanding quality of service and supervise more junior professionals within the team.

Candidates are likely to be aged in their thirties and will be graduates, ideally with an MBA or financial qualification. They will have gained significant experience in transaction based corporate finance, advisory work or consultancy in a first class financial institution. Previous international experience and fluency in European languages is desirable. Personal attributes will include highly developed communication skills, exceptional managerial ability, sound commercial awareness, and strong ethical standards.

All of these roles represent an exceptional opportunity to build Bear Stearns' European business from ground floor level. The remuneration package is structured to attract the most qualified individuals and includes a full range of executive benefits. Based in London, candidates for all roles will be required to travel on a global basis.

Ref: 980411L

Associates

Several Associates are sought to contribute to the growth of this business. Working in teams including industry and product specialists, the Associates will develop complex solutions to service client needs across Europe. As part of a close-knit team, they will provide control and execution support in managing transactions, gaining significant client exposure. They will also play a key role in developing new marketing initiatives.

Aged mid twenties to early thirties, candidates will be graduates, possibly also with an MBA or financial qualification. They are likely to have between two and five years' relevant experience in investment banking or consultancy, with first rate analytical, modelling and communication skills. Fluency in further European languages would be a considerable advantage. Candidates must have the ambition and drive to succeed in a highly demanding, performance driven, team oriented environment.

Ref: 980412L

Please send a full CV in confidence to GKRS at the address below, quoting the relevant reference number on both letter and envelope, and including details of current remuneration.



OLD LONDON HOUSE, 32 ST JAMES'S SQUARE, LONDON SW1Y 4JL. TEL: 0171 930 5100. FAX: 0171 859 1229.
A GKRS Group Company

Leading Global Emerging Markets Firm

Head of Compliance

City

£Excellent

A fast paced Emerging Markets investment group, which has built a wide ranging investment banking franchise providing corporate finance, securities trading, asset management and research services to an international client base is looking for a Head of Compliance. Established in 1995, the firm has locations in London, New York, Hong Kong, South America, Emerging Europe and the Far East. This crucial role is pivotal in facilitating as well as controlling business activity, and enjoys a very high profile within the group.

The Head of Compliance will be responsible for assisting in the co-ordination of group wide compliance strategy and procedures for equity securities and investment banking, and for managing relationships with the SFA and LSE. As a member of all key operational committees, the incumbent will be expected to make a significant contribution to business decision making.

The successful candidate is likely to be a graduate with a proven track record in a leading financial institution. The culture of the firm is one which demands self-starting individuals who are willing to take responsibility and who can combine strong technical skills with commercial awareness and first rate communication and influencing skills.

Please write to our advising consultant Joe Thomas at BBM with both a covering letter and full CV quoting reference 485 at BBM Selection, 76 Wadding Street, London EC4M 9BJ or via email at ref485@bbm.co.uk. All applicants will be treated in the strictest confidence.

76 Wadding Street
London
EC4M 9BJ



Tel: 0171-248 3653
Fax: 0171-248 2814
E-mail: 485@bbm.co.uk

PRIVATE EQUITY FUND-RAISING EXECUTIVES

London/Zurich/Geneva

Leading global investment bank - a major player in private equity investing, financing and fund-raising - is seeking to hire three Sales Executives for its fund raising group to place private equity securities, mainly leveraged buyout limited partnership interests, with institutional investors in:

- United Kingdom (London based)
- Middle East (Geneva or London based)
- Germany, Austria & German speaking Switzerland (Zurich or Geneva based)

Successful candidates will have five years of practical sales experience placing sophisticated alternative investment instruments with institutions in the relevant geographical market, and will have a solid academic and professional foundation in corporate finance.

Candidates must be able to demonstrate success at managing multiple placing mandates and they will be competitive but also enjoy working in a dynamic team. They will thrive on the excitement and pressure of the road show and will know how to close. Relevant language skills plus working documents for home base are essential.

Compensation package is competitive and bonus driven. Please send details, quoting reference SK1145, to: Francesca McDermott, Response Management Unit, Kingsbourne Advertising, Salisbury House, Bluecoats, Hertford SG14 1PU, UK. As all CVs will be forwarded directly to our client, please list any companies you do not wish to apply to.



RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax: 0171-256 8501 E-mail: cjagroup@online.rednet.co.uk

Intellectually challenging opportunities at the leading edge of research where your input will have a direct impact on fund performance

EMERGING MARKETS MODELLING - FIXED INCOME AND CURRENCY

LONDON

£60,000 - £90,000 + BONUS

FAST GROWING EMERGING MARKETS BUSINESS OF A HIGH PROFILE US INVESTMENT FIRM
We invite applications from candidates who must have a post graduate qualification and have had at least 4 years' experience of applied econometric modelling, preferably gained within the financial sector, but candidates from international financial institutions, economic research organisations or academic institutions will also be considered. As the selected applicant, you will work under the supervision of our Chief Emerging Markets Economist and help develop quantitative models for fixed income and currency markets of the key emerging market countries. Essential qualities are flexibility, to have a 'roll-up sleeves' attitude to work, and, above all, to be an effective team player. For an individual with directly relevant experience, a higher salary can be negotiated.

US based candidates will be able to work out of our office in the New York area.

Applications, in strict confidence, reference EMM/7273/FT should be sent or faxed to the above address, will be forwarded to our client in the first instance. If there are companies to whom you do not wish your application to be sent, these should be listed in a covering letter addressed to the Security Manager, CJA.

PERRIER VITTEL S.A.

Groupe H&M

World leader in bottled water, PERRIER VITTEL is present in 140 countries with 25 subsidiaries and more than 60 brands. In order to reinforce its audit team, the company recruits a:

Senior Internal Auditor

Paris

THE POSITION: Reporting to the Group Internal Audit Director, you supervise a team of 2 to 3 auditors. You are setting up and are in charge of audit work in all subsidiaries worldwide. As an internal consultant, you analyse processes, operations and provide recommendations to the local management and financial audit reports.

THE CANDIDATE: With two or three years experience as an external auditor, you are looking for a challenging opportunity in industry with a fast evolution in the group. The company is looking for highly motivated candidates with a good financial background. Excellent communication skills help you to operate with numerous interlocutors in a multi-cultural environment. The candidate appreciates travelling in many different countries and can speak two languages fluently.

Please write to Mathieu BEAUBAIN, quoting reference 4230MB, at ROBERT HALF FRANCE, FINANCE DIVISION, 39 avenue Pierre 1er de Serbie, 75008 Paris or by fax at 33(1) 47 23 35 00 or by e-mail Format MBE or BEAUBAIN@roberthalf.fr. Please consult our web site: <http://www.roberthalf.com>.

ROBERT HALF FRANCE
DIVISION FINANCE

LEADER MONDIAL DU RECRUTEMENT SPECIALISE
AVEC PLUS DE 200 BUREAUX SUR 3 CONTINENTS

Senior Sales Finance Specialist

TOULOUSE, FRANCE

This

European

aeronautical

Company,

among the

leaders on

its market,

is looking for

■ In support of the worldwide sales effort of the Company, the sales financier shall be able to formulate, negotiate and close appropriate financing structures, assessing related risks, with airlines and financing institutions.

■ Aged between 30-38, you have gained the necessary experience in structured finance transactions with a manufacturer and/or financial institutions and the ability to operate in a multi-national environment. Motivation and team work will be essential qualities. You will also have a Customer oriented approach. You are bilingual in French/English; knowledge of Spanish would be a plus.

■ Worthy candidates will be motivated by the prospects of joining a major company in a growing market and by an attractive remuneration. Please send your job application with a photograph mentioning your current remuneration, with ref. FTS/554 A to PEREIRE CONSEIL - 1, rue Jacques-Jean Esquie - 31100 Toulouse France. E-mail: toulouse@pereireconseil.fr

PEREIRE CONSEIL
RESSOURCES HUMAINES

Strategic Finance Project Manager

Central London

£50,000 + Car + Bonus + Benefits

CAFÉ ROUGE
RESTAURANT BAR CAFE



Whitbread plc is a leading UK leisure company. Whitbread has moved from its origins in brewing to owning and operating some of the country's most popular pubs, restaurants, hotels and leisure clubs, as well as selling some of the most famous beer brands. Running through all of Whitbread's businesses is a commitment to providing the highest quality service to customers.

This has enabled Whitbread to achieve market leading positions in the UK as:

- ◆ The largest restaurant operator.
- ◆ The pub food market leader.
- ◆ The number one operator of private health and fitness clubs.
- ◆ The leading budget hotel chain.
- ◆ The number one golf operator.
- ◆ The market leader in premium lager.

Based at the corporate office in the City, this role is high profile and commercial. It offers extensive exposure to senior management across all areas of the business.

The ideal candidate will be an ambitious, qualified accountant or MBA, with at least five years operational, commercial experience. Whitbread's focus on brands and service means that FMCG and retail experience is desirable. You should be able to demonstrate considerable analytical skills and the ability to constructively challenge and influence decision making. A self starter with demonstrable ability to quickly build strong relationships and manage complex assignments is essential. Whitbread has an enviable reputation for investing in its management and offers a variety of career progression and development to high calibre individuals. They are seeking individuals capable of becoming Divisional Financial Directors while in their 30's.

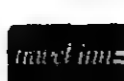
Interested applicants should apply in writing, enclosing a curriculum vitae to Guy Stacey at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN. Telephone 0171 269 2258, fax 0171 831 2612 or e-mail: gystacey@michealpage.com Please quote reference 326908.

Michael Page

FINANCE

Australia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA

Marrriott
HOTELS - RESORTS - SUITES



WHITBREAD

You will:

- ◆ Support both the divisions and strategic planning through financial analysis and assessment of major projects covering future investment, acquisitions and new business development.
- ◆ Provide independent advice to help understand the performance of the operating divisions and to make most effective use of resources.
- ◆ Assess divisional performance, plans and budgets against both external competitors and internal benchmarks.

BG plc

Reading

International Tax Manager

£ Excellent

BG Plc are market leaders in the development of the entire gas chain. The company operates this chain across the globe from exploration and production through transportation and distribution, to power generation and market development. It is at the forefront of gas engineering and related technical innovation and operates on all continents.

Due to reorganisation, an exceptional role has arisen within the tax department based in Reading. Reporting to the Head of Taxation, the successful individual will have responsibility for designated geographical regions. The role will encompass:

- ◆ Advising on corporate structures for overseas operations.
- ◆ Full involvement in project appraisals.
- ◆ Participation in acquisitions and disposals.
- ◆ Advising on a whole range of international tax issues.

The ideal candidate will be a corporate tax expert with at least three years international corporate tax project experience. Of equal, if not more importance is the ability to communicate effectively with the business and adopt a commercial approach to finding solutions to complex problems.

In return, the company offers excellent career development prospects in both UK and international tax.

This position offers a competitive remuneration package that includes a base salary, a car, profit share and a generous share option scheme.

Please contact Donald McFarlane CA on 0171 269 2246 or send your CV to Michael Page Taxation, Page House, 39-41 Parker Street, London WC2B 5LN. Alternatively, fax on 0171 831 6662 or e-mail: donaldmcfarlane@michealpage.com

Any applications made directly to BG Plc will be forwarded to Michael Page Taxation.

Michael Page

TAXATION

Australia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA



West London

Manager Group Reporting

to £45,000 + Car + Benefits

GE Capital, recognised as one of the leading financial services organisations in the world, is part of the General Electric Company which generates revenues of \$90.8 billion and employs some 270,000 people around the globe. Its core businesses in Europe range from insurance to consumer and commercial finance. In the past two years it has acquired, on average, one European company every fortnight with further expansion anticipated in 1998.

Consolidated Financial Insurance, part of GE Capital, is the market leader in Payment Protection Insurance which is provided through leading financial institutions and Finance Houses.

An opportunity has arisen at CFI for an ambitious, high calibre finance professional to play a pivotal role in the finance team. Reporting to the Group Financial Controller you will have responsibility for the pro-active management of the financial reporting process. Specific responsibilities will include:

- ◆ Control of all US GAAP reporting and UK consolidated accounts.
- ◆ Assist in the implementation of Oracle financial systems.
- ◆ Process improvement and development.

The successful candidate will be a qualified accountant who has either a strong track record in a group function of a major multi-national, or is currently in public practice and has gained 18 months-3 years post qualification experience.

Individuals with knowledge of financial services will be of particular interest, but most importantly you must possess strong technical skills coupled with a common sense innovative approach to financial control issues.

Interested candidates should write, enclosing a full CV with current salary and daytime telephone number to Dan Chavasse or Laurence Pengelly at Michael Page Finance, Europa House, Church Street, Old Islington, Middlesex TW7 6DA e-mail: danchavasse@michealpage.com

Michael Page

FINANCE

Australia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA

News International plc

Financial Reporting Manager

Peterborough

Package to £38,000

News International PLC is a £1 billion subsidiary of the worldwide media conglomerate, The News Corporation Ltd. TNCL. The business operates at the leading edge of communication and information provision, and publishes national newspapers including The Times, The Sun, The Sunday Times and the News of the World. Other media/communication and hi-tech interests include Internet access providers, radio broadcasters and television and video distribution companies.

A substantial part of the company's financial operations is based in Peterborough, including the financial reporting department, which reports on 20 trading companies and continues to take on ever increasing responsibility. An ambitious candidate is required to manage the team. The role offers genuine responsibility in the following key areas:

- ◆ Management of the reporting and analysis for 20 trading companies.
- ◆ Responsible for the co-ordination of the audit process.

- ◆ Overview of monthly balance sheet and quarterly reporting for the division.
- ◆ Overview of tax analysis for submission to the group tax department.
- ◆ Ongoing supervision and development of 13 staff, including two qualified accountants.

The successful candidate will be technically strong with a broad base of post qualification experience gained either in industry or the profession. Candidates should display well developed management skills, with an ability to perform to strict deadlines. Strong communication skills are an absolute pre-requisite, as is a high level of self motivation and drive. As part of a multinational business, career prospects are outstanding both in the UK and overseas.

Interested candidates should contact Christine de la Paz ACA, at Michael Page Finance, 4-8 Regent Street, Nottingham NG1 5BQ, tel 0115 948 3480, fax 0115 941 0125. Ref 383078. e-mail: rpf.nottingham@michealpage.com

Michael Page

FINANCE

Australia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA

Senior Financial Analyst

Central London

c £40,000 + Car + Bens

A market leader in its own right, and now part of the world's leading marketer and provider of consumer and business services whose market capitalisation is in excess of \$30 billion, our client is well positioned to take full advantage of future growth opportunities.

As a result of the recent re-organisation of the business, a new opportunity has arisen for a high calibre Financial Analyst to play an integral role in supporting the senior management team in the design and delivery of quality information.

Reporting to and assisting the Finance Director, key responsibilities include:

- ◆ Evaluating and developing forecasting methodologies.
- ◆ Financial modelling to include budgets and forecasts.
- ◆ Analysis and statistics of key data for presentation to the board.

- ◆ Production of commentaries for presentation to the regional managers.
- ◆ Ad-hoc projects including financial control and assistance in other Head Office issues.
- ◆ Interface between the IT department and end users to enhance the effectiveness of financial systems.

The ideal candidate will be a graduate, qualified accountant with a minimum of circa 1-2 years PQE, gained in a large commercial environment, preferably from a multi-site retail background. A proactive hands-on approach, coupled with excellent communication skills and the ability to work in a small team, will be essential in addition to your highly developed IT/spreadsheets skills.

Interested candidates should write, enclosing full curriculum vitae to Jazz Dhandia at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN, or alternatively fax 0171 242 1020, quoting reference 394800. e-mail: jazzdhandia@michealpage.com

Michael Page

FINANCE

Australia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA

Group Financial Controller

Berkshire

c £40,000 + Car Allowance + Bonus

Our client is a worldwide trading group of companies with offices in the UK, Cape Town, Singapore and Moscow. From a start up situation in 1994, the Group has achieved an annual turnover of approximately \$70 million. To move forward, the Group is currently restructuring to concentrate on core businesses that will be controlled from its' Berkshire headquarters.

In line with the new strategy, an opportunity has arisen for a Group Financial Controller. Reporting to the Finance Director and supported by a small team, this challenging position will be critical in maintaining financial control of the Group.

Key responsibilities will include:

- ◆ Preparation of monthly management accounts, budgets, business plans and cash flows for all trading divisions.
- ◆ Tax and corporate planning for UK and overseas operations.
- ◆ The development and enhancement of computerised financial systems.
- ◆ Assisting the Finance Director on strategy and potential investment opportunities.

The successful candidate will be a graduate calibre qualified accountant, probably with 2-4 years post qualification experience. Candidates who have had exposure to an owner managed environment in a trading or consumer goods company would be of particular interest. In addition, a high degree of computer literacy will be required.

It will be essential that candidates have well developed interpersonal skills, along with the ability to communicate with, and influence others, at all levels in the Group. An enthusiastic and proactive nature will be necessary to add value to this dynamic and ambitious business.

Interested candidates should forward a comprehensive curriculum vitae, including details of current salary and daytime telephone number to Wayne Mason ACCA, Michael Page Finance, 33 Blagrove Street, Reading, Berkshire RG1 1PW, fax 01189 9561657, quoting reference 418441, or e-mail: waynemason@michealpage.com

Michael Page

FINANCE

Australia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA

Finance Director: Designate

Bristol

Package £40,000+

Our client is an operating subsidiary of a French company, who in turn is wholly owned by a leading Swedish manufacturing group. Formed in 1963, the Company now has a turnover of £9 million. The business continues to experience strong growth and its success stems from an ethos of quality and customer care, coupled with the continuing technological development of its product range. The company has a number of blue-chip customers, notably within the aerospace sector and exports over 50% of its turnover.

An opportunity has now arisen for a high calibre individual to join the management team, with progression to Finance Director within the next 12 months.

Reporting initially to the Financial Director and ultimately to the Managing Director, you will become responsible for the full financial control of the business which will encompass the day-to-day running of all aspects of the finance function. You will be accountable for the monthly reporting process to

France, budgeting and forecasting analysis, production costing and profit planning.

A professionally qualified accountant, you will have at least three years post qualification experience which will preferably have been gained within the manufacturing sector. You will be commercially orientated and operational in nature with the capacity to think strategically. Proven system skills are particularly desirable due to a forthcoming SAP implementation programme. Travel to France will be a necessary requirement of the role, particularly within the first six months of appointment. A working knowledge of French is also highly desirable.

Interested candidates should apply in writing enclosing a CV and covering letter, with daytime telephone number and current package details to Kathryn Roberts at Michael Page Finance, 29 St Augustines Parade, Bristol BS1 4UJ, fax 0117 926 4223 quoting reference NGUY. e-mail: kathynroberts@michealpage.com

Michael Page

FINANCE

Australia - China - France - Germany - Hong Kong - Italy - Netherlands - New Zealand - Singapore - Spain - UK - USA

0171 269 2258

Financial Controllers

Bristol

Following its stock market flotation in 1996, Somerfield has achieved strong profit growth and continued to develop its position as one of the leading neighbourhood food retailers in the UK. Its recent merger with Kwik Save will allow Somerfield to consolidate this position and open up a new and exciting phase in Somerfield's development. With sales in excess of £8 billion and over 1400 stores, the merged company will be seeking to realise operating synergies which offer significant commercial benefits and cost savings. The role of finance in achieving these benefits will be critical, ranging from quantifying the synergies and monitoring their delivery through to the commercial financial analysis required to facilitate trading and investment decisions. The positions below are core to the successful realisation of merger benefits and the smooth integration of the two businesses.

Systems and Supply Chain Controller

up to £45,000 + Car + Benefits

Reporting to the Associate Director Finance and directly supporting the main board Supply Chain Director, you will be responsible for financial support for the development and delivery of a supply chain and IT strategy. Working closely with the systems and supply chain functions, you will undertake detailed cost benefit analysis of key projects and produce financial evaluations on associated trading initiatives. You will also advise on period results, budgets and forecasts and prepare capital expenditure proposals.

The ideal candidate will be professionally qualified with 3-5 years post qualification experience, preferably gained in a senior capacity in supply chain activities within a retail, FMCG or a distribution environment. Strong interpersonal and communication skills, a commercial focus and a results driven approach are essential qualities, coupled with an ability to network across the organisation identifying with operational issues alongside financial control and evaluation issues.

In return, excellent benefits and future promotion opportunities are available for talented individuals. Interested candidates should send their curriculum vitae and covering letter with full salary and package details and daytime telephone number to Kathryn Roberts, Michael Page Finance, 29 St. Augustine's Parade, Bristol BS1 4UL, quoting reference NGA7, fax 0117 926 4223 e-mail: kathynroberts@michaelpage.com

Michael Page

FINANCE

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Property Controller

up to £38,000 + Car + Benefits

Reporting to the Group Financial Planning and Analysis Executive, you will be responsible for the analysis of capital investment decisions in excess of £200 million per annum. Responsible for a team of six accountants and working closely with marketing, property and operations functions, you will be required to develop group capital investment criteria and evaluate the success of capital programmes. Of particular importance will be the need to analyse the rebranding of selected Kwik Save stores to Somerfield, ranging from evaluating the impact of pilot trials through to incorporating the results of this analysis into a conversion programme which meets group investment criteria. You will also be accountable for the analysis of new store programmes, the selection of stores for disposal and post investment reviews and recommendations.

Applicants will need to be professionally qualified with at least three years post qualification experience, preferably gained within a retail or FMCG environment. You must have excellent interpersonal, communication and influencing skills as the role requires significant main board and non finance interaction. You should have proven commercial skills to enable you to add value to complex rebranding investment decisions. This is a demanding role which requires powerful intellect, strategic thinking, an energetic approach and the ability to deliver.

Finance Director

For one of the main international groups of the pharmaceutical industry
(turnover of several billion sterling)

Paris area

Reporting to the Divisional Managing Director and as a member of the executive committee, you will play a key role at different levels.

International level:

- To assist in the development and execution of international strategic plans, ensuring full financial, legal and fiscal compliance.
- To lead the centralisation and consolidation of financial data from various foreign subsidiaries.
- To implement reporting throughout the group according to anglo-saxon techniques and to ensure the follow up of different subsidiaries.
- To contribute directly to M&A activities.

National level:

- To supervise finance, accounting, planning and analysis, legal and tax areas.
- To conduct the reorganisation of the finance teams (around 100 staff).

Excellent Package

- To implement and coordinate the strategies defined at group level.

Aged 40-45 and a graduate from a business school or equivalent, you have acquired 15-20 years professional experience. Ideally, you started your career within the 'Big 6' and are currently demonstrating success in international financial management at senior level.

It is essential that candidates are well versed in international and anglo-saxon accounting requirements and are fluent in French. This is a challenging and demanding role which will bring a significant contribution at a strategic level to the performance and profitability of the group.

Please send your application form, including CV and photo, quoting reference AD21603, to: Anny Destilleur at Michael Page International, 159 av. A. Perrot, 92522 Neuilly-sur-Seine cedex, Paris, France. <http://www.mpf.fr>

Michael Page

INTERNATIONAL

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Finance Manager

Attractive +
benefits
Manchester

NORWEB Communications is a fast growing regional telecommunications company. As we're changing the face of telecommunications in the North West we have exciting times ahead.

We have been highly successful in penetrating the business telecommunications market through the provision of high quality services, based on the latest in fibre optic and digital switching technology. We are revolutionising the industry with the development of digital PowerLine technology and have ambitious plans to increase revenues significantly within the next few years, through continued development of local business markets and expansion into new market areas.

As a consequence, we are growing our existing Finance Team to help meet this challenge. You will be involved in producing business plans, related budgets, project, investment and other financial management information to facilitate risk analysis and financial forecasting.

Your broad experience of the telecommunications industry will combine with a willingness to challenge the norm and to support the management team in the challenges ahead. The role requires people-management, financial and management accounting experience combined with a pro-active approach to process improvement. A good degree, a UK accountancy qualification and at least 2 years post qualification experience are also essential, as is a knowledge of SAP (Release 2).

Further details and an application form may be obtained by telephoning 0161 875 7383 quoting reference X/ET/98/113.

Completed applications should be returned by 8 May 1998.

Equal consideration will be given to all applicants irrespective of age, sex, race, creed or disability.



NORWEB
communications

a United Utilities company

Kellogg's

North West England

Excellent Package inc Relocation

Headquartered globally in Michigan USA, The Kellogg Company is a world class manufacturer of food products which continues to demonstrate strong market leadership through existing powerful brands and innovative product development. With its 91 year history, the Company dominates the global market, serving customers and consumers in 160 countries and generating revenues of approximately US\$ 7 billion.

EUROPEAN FINANCIAL PLANNING MANAGER (Ref. K02)

High profile role with significant contact with Area President and Regional CFO, providing the primary financial contact in the HQ for the region, in respect of planning and forecasting issues.

- Reporting to Head of Regional Planning.
- Managing a team of European Financial Analysts.
- Co-ordinating, developing and managing regional budgeting, reporting and planning processes to meet deadlines, involving close liaison with global HQ.
- Manage processes to ensure accurate consolidation and analysis of regional financial information, to provide key decision support.
- Manage corporate accounting policies and prepare regular profit forecasts.
- Provide ad-hoc project support to the Business Development Group and Area President and participate in multi-functional teams.

Applications are invited from qualified accounting, finance and consulting professionals (ACA, CIMA, ACCA, MBA) who can demonstrate a track record of relevant experience in budgeting, strategic planning, cost accounting and supply chain processes within a manufacturing and distribution environment. Between 5 and 10 years' work experience (in total) is considered most relevant, as is up-to-date knowledge of computer systems. Excellent communication and management skills are required, with European languages being helpful.

These positions provide an opportunity to join a leading multinational company and work in a location offering a high standard of living. International career opportunities exist for people with outstanding talent. Salary packages are pitched to attract the best people and include high basic, relocation, company car, non-contributory pension scheme, etc. etc.

Please apply in writing to Kevin Wright, LS Consulting, 4th Floor, Lion Hall, 162-168 Regent Street, London, W1R 5TB, quoting relevant reference.

FINANCE MANAGER - EUROPEAN SUPPLY CHAIN GROUP (Ref. K03)

Important role co-ordinating and performing strategic and operational financial planning and analysis to provide support for Supply Chain operations and the Kellogg European Supply Chain Initiative.

- Reporting to Head of European Supply Chain Finance.
- Managing a team of Planners and Analysts.
- Co-ordinate and manage the development of budgets and estimates for the European Supply Chain, involving close liaison with the European offices.
- Co-ordinate consistency in inter-company transfer prices in connection with budgets and estimates.
- Responsibility for cost of production and cost of sales reporting and analysis across Europe.
- Provide pro-active financial decision support and advice to the Supply Chain Group on initiatives across the strategic and operational processes.

Divisional Financial Controller

£42,500 + Car + Bonus & Benefits

Yorkshire

Excellent opportunity for ambitious, commercially astute accountant to head finance function for division of major manufacturing Plc.

THE COMPANY

- Market-leading UK Plc. Blue-chip customer base. Outstanding record of growth and achievement in competitive field.
- Established Group structure with sound systems and financial management.
- £60m v/o multistate division with dynamic management and strong business focus.

THE POSITION

- Report to Managing Director. Head up accounting function.
- Contribute to business strategy. Ensure group reporting requirements are met.

- Monitor and develop staff to ensure business and group standards are met and maintained.

QUALIFICATIONS

- Qualified Accountant with significant experience gained in large, multistate manufacturing group.
- Sound commercial appreciation. Strategic overview with proactive, hands-on approach.
- Excellent interpersonal skills. Good relationship builder at all levels. Committed to monitoring and developing team.

Please send full cv, stating salary, ref LD80404, to NBS, PO Box 136, Leeds LS1 5JX

Fax 0541 500 001 Email nbsresponse@nbs-selection.co.uk Tel 0113 245 3830

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Yorkshire

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FAST TRACK DEVELOPMENT - INCREASED REWARDS

Financial Controllers

Based France or Germany

to £45,000 + Car + Executive Benefits

Our client is unquestionably the market leader and pioneer in its sector. With an annual turnover of around £500m and rising, the company is dynamic and fast moving and its growth is a reflection of an uncompromising commitment to quality, service and partnership. By pursuing a policy of constant innovation, it also responds impressively to changing consumer tastes and needs.

The Roles

These two key appointments are part of our client's growth blueprint for France and Germany. Working with the Country General Manager, with functional responsibility to the European Financial Controller, you will:

- Develop country strategy and key business initiatives to meet stretching goals.
- Pursue acquisitions and explore new market and product opportunities.
- Focus on partnership creation for business growth.
- Create financial management and control systems and establish KPI's to enhance performance.
- Establish corporate policies and practices in newly acquired businesses.
- Direct the development of Finance, IT and other Corporate Services.

The Person

Fluent in French or German, you will be a rising star and, as a lateral thinker with high energy, you will inspire others to achieve demanding goals.

- With an FMCG background, your mentality will be European in the way you think, believe and get things done.
- Technically outstanding and with experience of acquiring and setting up new businesses, you will thrive on change.
- An articulate communicator, you must be able to shoulder heavy responsibility and handle significant pressure.

If you want to fast track and satisfy your ambition for increased responsibility and reward, send your CV quoting a daytime telephone number and reference F7/2288 (for France) or F7/2289 (for Germany) to our retained consultant, Austin Carter, using the details below.

Macdonald
SEARCH AND SELECTION CONSULTANTS

Rodney House, Castle Gate, Nottingham NG1 7AW, England.
Tel: (00 44) 115 924 1450 Fax: (00 44) 115 985 9074 Email: janeg@macdonald.co.uk

Young International Trouble Shooter

Highly Motivated Accountant to Make Impact Across Several Continents

Global Media Group

Amsterdam/Worldwide

£45,000 + Bonuses

This dynamic media Group, turnover several hundred million dollars, operates four International Divisions worldwide covering 35 separate countries. It has made several acquisitions in the last 12 months in the US, UK and the Far East whilst still expanding organically. It has now been decided to strengthen the International trouble-shooting team, reflecting the growing complex demands of the Group. This ambitious young accountant will report to the Group Controller with global responsibility and extensive worldwide travel.

The Role

- Report to Group Financial Controller, based in Amsterdam. Mobile position supporting global finance team. Extensive travel required.
- Provide support at local level in a number of key areas including:
 - Heavy focus on adhoc projects and trouble-shooting assignments.
 - Significant involvement in the improvement of processes and procedures including systems development.
 - Provide "best practice" advice to local management. Responsible for training of local staff.
 - Acting as interim finance manager where required. Exposure to year end reporting, budgets etc.

The Candidate

- Graduate Qualified Accountant. Aged late 20's/early 30's. Proven track record within pressurised International Group driving through change and tightening controls.
- Outstanding systems, communication and presentation skills. Ability to command respect across Group.
- Self-motivated, enthusiastic approach, pro-active style with commercial flair. Thrive in challenging and demanding environment. Computer literate. Sun accounts exposure desirable, technically excellent. English speaking, second language an advantage.

Please apply in writing, enclosing full CV, quoting reference number LBA/225.

LAWRENCE BARNETT

Metropolitan House, City Park Business Village, 20 Brixley Road, Manchester, England, M16 8HQ.
Tel: 0161-877 4439 Fax: 0161-877 6708



How much accountancy experience do you need to become a management consultant?

Enough to recognise a brilliant opportunity.

Many capable, ambitious accountants see management consultancy as an attractive career option. But it's one they picture themselves exercising at some unspecified distant date in the future.

If the diversity, challenge and sheer scope of consultancy is something that excites you, our message is simple – the time to make that move is now.

even if your professional career is still in its earliest stages and you qualified as an ACA or CIMA between one and four years ago. And the means of making it is to join Price Waterhouse. Our transition training programme

builds on the knowledge and experience you've already gained (specifically in value- and activity-based management, financial process re-engineering, systems implementation or change management), and gives you the additional skills that will be critical to your success as you work to shape and re-shape big, sophisticated enterprises.

The opportunity to work with many organisations instead of just one; to achieve more in a few months than many people achieve in years; to develop ideas with bright, sparky colleagues from different disciplines – you'll find all this at Price Waterhouse. But you'll also find an organisation that works exclusively for the top-tier multinationals, whose global capability isn't just a list of offices but a fully integrated network and whose learning

culture makes the business of building your professional capital a career-long commitment.

The tailor-made benefits package, the unique quality of both clients and colleagues, your future with the leading edge professional services organisation – the closer you look, the better it gets.

If you can say the same for your own CV, send it to Christopher Cole or Julian Sykes our retained Consultants at Finance Professionals, 25-28 Bedford Row, London WC1R 4ME. Tel: 0171 808 7070. Fax: 0171 828 2381. Email: chris@finprof.co.uk Evening/weekends: tel: 0181 8928517.

Please quote reference MCS/9015 on your application.

Price Waterhouse



STRATEGIC BUSINESS ANALYSIS

American Express Travel Related Services forms the major part of this US based blue-chip multinational which is recognised as the world's most prestigious brand within its market. The UK is a focal point for International and European operations.

Continued growth within the business has created the need for two individuals capable of making an effective contribution in an environment where service delivery excellence is the expected norm.

The Roles

These high profile roles are project based and offer exposure to the highest levels of senior management.

- Provide planning, operational and strategic business analysis to the International and European Business Units
- Undertake competitor benchmarking of key processes and recommend improvements where necessary
- Support negotiations and implementation of business alliances and partnerships
- Provide high quality business consultancy support to senior management

The Candidates

- High calibre qualified accountants and/or MBAs with a minimum of two years commercial experience gained within either a large blue-chip organisation or a consultancy environment
- Knowledge and extensive practical experience of computer based management information systems and the manipulation and analysis of data is essential
- Excellent presentation and interpersonal skills are pre-requisites alongside the ability to work effectively with non-finance managers in Marketing and Operations
- Proven leadership, project management, decision making and time management skills are required

These roles provide an excellent platform for career advancement within this global business.

To apply, please write with a full CV, details of your current salary and quoting ref: 978/FT to Steven Vass ACA at BEH Nevard Roland, 2nd Floor, 90 Tottenham Court Road, London W1P 0AN. Telephone: 0171 636 2288 or email: wassard@nevard-roland.co.uk



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European Finance Director

£80k plus £40k bonus + share option, based South Cheshire

With established businesses in both the UK and Germany, Dextra represents the Caudwell Group's accessory value-added distribution arm. Rapid increases in turnover during the last two years to almost £40m in 1997, places Dextra in excellent shape to continue its expansion both in current operations and new European start-ups.

The Caudwell Group is a very rapid growth environment now comprising 13 companies in six countries, involving all aspects of the mobile phone industry. The annual turnover has increased from £13m in 1991 to £260m in 1997 with a forecast well in excess of £2 billion by 2007.

The Role

Reporting to the European MD with a dotted line to the Group FD, the successful candidate will be responsible to the Group board for continued profitable expansion of the Dextra companies. This will involve full P&L responsibility for existing business and the identification and development of new opportunities. By definition this will require international travel.

The Candidate

- Will be a qualified accountant.
- Must have a track record at senior level of P&L responsibility.
- Must be capable of demonstrating a hands-on approach, prepared to pay attention to detail as well as seeing the bigger picture.
- Will have unbridled ambition.

This is a unique opportunity to join an ambitious, rapidly expanding Group of companies.

Applications please to: Malcolm Gregory, Group Human Resources Controller, The Caudwell Group, Minton Hollins Building, Shelton Old Road, Stoke on Trent, Staffs, ST4 7RY.

DEXTRA
cellular accessories



FINANCIAL TIMES

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European Finance Manager

With more than 50,000 systems installed and a global market share of over 50%, PictureTel are the undisputed market leader in the provision of video conferencing solutions - the industry they pioneered. One of the world's leading edge companies with offices and Partners worldwide including Europe, Middle East, India and Africa, their annual revenues are approaching \$500m.

Their unique range of products are backed by a commitment to service and support which is fundamental to their success. To sustain future growth in a rapidly changing environment, efficient, effective financial control is crucial. They now seek an experienced finance professional with the personal and technical skills to rise to the challenge.

Managing a professional team you will be responsible for the European accounting function. Key responsibilities will include:

- ▶ Monthly reporting and performance review.
- ▶ Management of outsourced financial services across Europe.
- ▶ Co-ordination of European statutory returns and reporting.
- ▶ Development and maintenance of financial controls.
- ▶ Development of management information.
- ▶ Cash management.
- ▶ Continuous improvement of financial systems to provide productivity efficiencies.

The successful candidate will be a high calibre qualified accountant with at least 2 years PQE. Experience of 'hands on' financial accounting and computer literacy are a prerequisite. Able to effectively interact with all levels of management and appreciate differing European cultures are essential. European language skills, particularly German, would be highly desirable as well as US GAAP reporting.

Interested candidates should send their CV to Frances McCutcheon or Joanna Wilson at Goswell House, 134 Peasod Street, Windsor, Berkshire SL4 1DS, quoting reference 56350. Alternatively, please fax your details on 01753 850253 or e-mail us on info@mwa.co.uk or telephone on 01753 830881. Website: <http://www.picturetel.com>

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Financial Times

GROUP ACCOUNTING

M3 Corridor

Our client is a £3 billion+ Group with operations throughout Europe and in the USA, manufacturing and distributing a range of premium products. The Group's decentralised structure demands strong financial controls exercised through a high-calibre headquarters team. The new position of Consolidation Manager has now been created. Supported by two qualified assistants he/she will make a key contribution to the production of the Group's plan, budget, forecast, management and statutory consolidated financial statements. The experience and high-level exposure associated with this position will provide a valuable platform for career development within the Group.

c. £40,000 + car + m/c pension

Applicants must have a recognised UK accounting qualification and have had exposure to the organisational complexity and demanding technical standards of a large group. This could have been gained directly or through their experience in the profession. Age is not critical but future opportunities would be most appropriate for those who have qualified within the last 3-5 years. A good working knowledge of French would be a distinct advantage.

Please write with full CV, including current salary and daytime telephone number, quoting reference 1789/FT, to Dick Phillips ACIS, Phillips & Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 0171 493 0156 (24 hours).

Phillips & Carpenter
Search and Selection

London Docklands

RISK MANAGEMENT

£45K + Benefits

AN OUTSTANDING OPPORTUNITY IN THE SECURITIES INDUSTRY

WHO ARE WE?

A rapidly growing and prestigious subsidiary of a leading Wall Street Investment Bank with an enviable record of achievement based upon unrivalled customer service. The organisation is the pre-eminent supplier of brokerage and investment management services to institutional and private client stockbrokers; undertakes nearly 14% of the transactions on the London Stock Exchange; and provides PEP administration, nominee, stock lending, and discount brokerage facilities.

WHAT IS THE ROLE?

A key member of a specialist team dedicated to using the latest techniques, including Control and Risk Self Assessment, to manage risk and further enhance the control environment. Emphasis is placed on securing a competitive advantage by introducing the latest technology and re-engineering the business processes to improve settlement speed and customer service, and to minimise unit processing costs. The successful candidate will have the potential to achieve line managerial status within eighteen months.

WHO ARE YOU LIKELY TO BE?

A qualified ACA (or equivalent professional qualification), probably with a financial services background. You are looking for significant career advancement and are able to demonstrate good academic and professional development to date. Your desire to work in a dynamic part of the financial services sector is combined with an ability to understand a complex business and computer environment and the determination to challenge the conventional wisdom. Knowledge of the securities industry would be an advantage but, above all, you will be bright, enthusiastic, a good communicator and a highly motivated achiever.

NEXT STEPS?

If you believe you can contribute to the profitable and controlled growth of our business, please write and explain how you meet our requirements and enclose a CV that highlights your relevant achievements. Applications should be addressed to Box No A6132 c/o the Financial Times, 1, Southwark Bridge, London SE1 9HL and should be received by 22 May.

0171 493 0156

COMMERCIAL ANALYST

£50,000 + Car + Benefits

Our client is a rapidly expanding healthcare business operating on a European basis. With revenues in excess of £4.5 billion, its unparalleled commitment to customer service and innovative healthcare programmes is key to its future growth and development.

Due to expansion, a key business oriented finance role has been identified with regional responsibility for the UK, France and Italy. As an integral member of the management team, you will report into the Group Financial Controller and work closely with the divisional management teams.

Specific duties will include:

- Responsibility for evaluating the budgets and plans produced by business units and assessing their validity and achievability.

For further information about this excellent opportunity please contact: quoting ref: FT0160, on 0171 209 1000. Alternatively, send/fax your CV to FSS Financial, Charlotte House, 14 Windmill Street, London W1P 2DP. E-mail: jc@fss.co.uk or visit our website at www.fss.co.uk



QATAR GENERAL PETROLEUM CORPORATION

Qatar General Petroleum Corporation (QGPC), urgently require the below mentioned for immediate start.

Controller Finance

The ideal candidate will possess strong financial control, analytical and interpersonal skills. At least 12 years experience within an Accounting and Financial environment, preferably within an Oil & Gas Industrial organisation. Must hold a recognised Professional Accounting Degree (i.e. ACA, ACCA, CIMA, CPA or equivalent).

Employment Package:

The rewards like the challenges are substantial. The position offers a tax free salary, indefinite term contract, married status, free medical and dental care, housing, generous annual leave (with paid airfare) and transport allowance.

Please send recent CV, copies of testimonials, photograph and copy of your passport to our representatives at the following address:

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Calderwood Han CHIEF FINANCIAL OFFICER (Extractives Industry)

KAZAKHSTAN BASED

SUBSTANTIAL PACKAGE

Our client is a multi-billion dollar international group with worldwide interests in metals and minerals. It has recently established a joint venture operation in Kazakhstan, to re-develop and manage three large mining and smelting combines consisting of seven underground mines, predominantly zinc, three smelters, four concentrators, two precious metal refineries and power plants. The total workforce currently numbers several thousand employees.

The success of the operation will depend, inter alia, upon two fundamental criteria: implementing strategic plans to improve the performance of the mines, and the effectiveness of the joint relationships established between the Partner and State regulatory bodies.

The incumbent will have ultimate responsibility for the financial management of the joint venture in such a way as to maximise profitability, while maintaining a close liaison with its senior executives and acting as their financial counsel. The remit is wide in scope, ranging from an initial 'westernising/streamlining' of key accounting systems, procedures and disciplines, to pursuing relevant stock market and trading information and anticipating/identifying the impact of various fiscal issues and measures on the commercial aspects of the total business.

Candidates must demonstrate considerable authority and personal maturity, supported by strategic vision, practical application and sound commercial acumen. An appropriate professional qualification and at least ten years' financial management success in industry - ideally mining/metallurgical related - are sought. Russian business experience and a good understanding of the language are very important and fluency in English is essential.

(A Chief Project Accountant is also required for a major mine expansion programme currently in progress within the joint venture).

Please write or, preferably, fax in complete confidence, enclosing a suitably detailed curriculum vitae to:

Graham R W Walker
CALDERWOOD HAN LIMITED
29 Holywell Row, London, EC2A 4JB, UK
Telephone: (44) 171 377 5528, Fax: (44) 171 377 5590



News International plc

Commercial Accountant News Group Newspapers

£Excellent London

News International, publishers of the UK's four most successful newspapers, The Times, The Sunday Times, The Sun and The News of the World, are looking for an exceptional individual for the role of Commercial Accountant for the tabloid titles.

This is a key role working with senior management and helping to shape the development strategy of the company. Reporting directly to the Controller of Planning and Analysis and to the General Manager of NGN, the candidate will be expected to provide financial support to the General Manager and to act as the main link between the board, senior operational management and central finance.

The role involves:

- management of weekly performance analysis
- forecasting and budgeting
- formulating a general financial overview
- presenting results to senior operational and financial management
- project based work
- managing and liaising with operational accountants

You will have:

- a strong academic background
- around 3-5 years post qualification experience
- analytical and planning experience gained in either the Newspaper Industry or a similar, fast moving sector
- excellent communication and interpersonal skills
- good team management skills

The rewards on offer include an excellent remuneration package and the chance to develop your career in a highly rewarding and dynamic environment.

Interested applicants should write, in the strictest confidence to our retained consultants Nick Brown ACA or Justin Dürmer at Walker Hamill Executive Selection, forwarding a brief résumé quoting reference NB 4437. All direct responses will be forwarded to Walker Hamill. Closing date for applications is Friday May 8th.

WALKER
HAMILL

100 Abchurch Lane, Suite 100
St. James's
London SW1A 1JF

Tel: 0171 839 4444
Fax: 0171 839 5857

FINANCE PROFESSIONALS

Hertfordshire

Competitive Packages + Relocation Assistance

Our client, a FTSE 100 group with turnover in excess of £10 billion, is a world leader in electronic communications, electrical and mechanical engineering.

The group's strategy is based upon building global leadership positions through increased investment in product development and operations in chosen business areas. They are in the process of launching a culture change programme based on customer focus and growth.

Within their engineering business sector based in Hertfordshire, due to continued rapid expansion, the need has arisen to recruit three qualified finance professionals.

Role 1

- Provision of non-financial performance indicators to facilitate the measurement of project effectiveness;
- Provision of strategic financial input into new projects determining their implications and impact on future markets;
- Advising Project Directors with regard to the status of ongoing projects, with particular emphasis to cost opportunities

and threats, whilst proactively assisting in their management;

- Post completion review of concluded projects to highlight success and failure criteria;
- Foreign currency risk management and forecasting.

Role 2

- Playing a key role in a team responsible for implementing the company standard accounting and purchasing systems whilst monitoring and refining accounting processes and procedures that could result;
- Co-ordination of monthly cash forecasts and other periodic cash reports;
- Provision of advice regarding PAYE, Corporation Tax and overseas taxes;
- Developing and managing service level agreements and procedures for the outsourcing of financial accounting transaction processes where effective to do so;
- Striving to deliver the optimum transaction processes through continued study and development of existing teams;
- Management and development of subordinate staff.

Role 3

- Extracting and production of all information necessary to ensure compliance with Ministry of Defence long-term contract financing regulations through complex reporting models;
- Liaising with Ministry of Defence accounting service personnel, so as to build and maintain relationships, ensuring prompt and favourable agreements;
- Co-ordinating the production of cost certificates and other cost statements required to be produced under Ministry of Defence accounting conventions;
- Continually monitoring direct and indirect overhead recovery rates to ensure the required adjustments are made within realistic time scales.

Candidates for all three roles will possess the following qualities:

- A minimum of three years' accounting experience;
- A proven track record of achievement;
- Excellent analytical, influencing and communication skills, both within finance and across other functions;

- Adaptive, confident, assertive nature;
- A high level of computer literacy;
- Ability to command respect in an organisation continually striving for service improvements and being willing to take on responsibility.

It must be stressed that Ministry of Defence accounting experience is not a pre-requisite as full training will be provided.

Interested applicants should submit their curriculum vitae to Richard Baker ACA or Paul Kotucha of Harrison Willis, 47 London Road, St. Albans, Herts AL1 1JU, telephone 01727 840660, Fax: 01727 840662. E-mail: st.albans@hwgroup.com Internet: www.hwgroup.com

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